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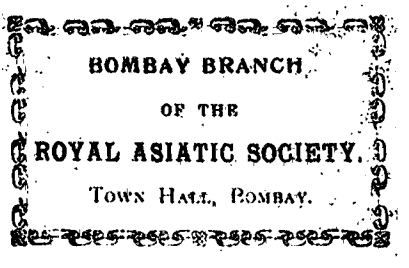

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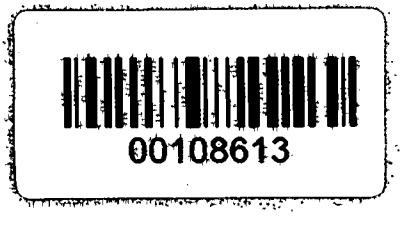
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REPORT

OF THE

FEDERAL FINANCE COMMITTEE

1932

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FEDERAL FINANCE COMMITTEE.

To

The Right Honourable Sir SAMUEL HOARE, BT., G.B.E., C.M.G., M.P.,
Secretary of State for India.

SIR,

We were appointed by His Majesty's Government for the purpose explained in the following letter which was addressed by the Prime Minister to our Chairman on the 22nd December, 1931 :—

> On behalf of His Majesty's Government I have to state, for the information and guidance of yourself, as Chairman of the Federal Finance Committee, and of your colleagues, the objects for which the Committee has been constituted, and to indicate the matters on which it is required to report.
>
> As you are aware, a Sub-Committee of the Federal Structure Committee was appointed under the chairmanship of Lord Peel to examine the question of Federal Finance, and the principles embodied in the Report of that Sub-Committee were endorsed by the parent Committee as a suitable basis on which this part of the constitution should be drafted. It is thus upon the Report presented by Lord Peel's Committee that the labours of your Committee will be based, but you should observe that the recommendations embodied in that Report regarding the functions of the Expert Committees were modified by the Federal Structure Committee.
>
> By far the most important task to be undertaken by your Committee will be to subject to the test of figures the suggested classification of revenues, and to estimate the probable financial position of the Federal and of the Provincial Governments under the proposed scheme. On the estimate so prepared it will be the duty of your Committee to advise as to the adjustments, if any, which should equitably be made between the Federal Government and the Provinces. Difficult as this would be if conditions were normal, His Majesty's Government realise that at a time when the Indian budgets, both central and provincial, have been thrown so completely out of gear, the difficulty of the task is immensely increased. Nevertheless, as every precaution must be taken to ensure, so far as possible, financial equilibrium in the new Governments in India, this examination must be made, as it is essential that the best advice on this vital question should be available before the relevant portion of the constitution is drafted.
>
> In addition to its main work, your Committee will also be required to examine and advise on a number of other connected matters referred to in the Reports of Lord Peel's Committee and of the

Federal Structure Committee, of which I may mention the treatment of the pre-federation debt, powers of taxation, new sources of revenue, treatment of provincial contributions —if such contributions be found necessary—the emergency powers of the Federal Government, borrowing powers and the division of pension charges.

Having completed our enquiry into the matters referred for our consideration, we now have the honour to forward our Report for submission to His Majesty's Government.

I.—Introduction.

1. We assembled in New Delhi on the 1st February last and have since held forty-five meetings there. For the most part our deliberations have been based on materials supplied to us in the form of memoranda prepared in the Departments of the Government of India and by the Provincial Governments. We have supplemented this written evidence by personal consultation with the responsible officials, including representatives of each of the Provincial Governments, who were kind enough to come to Delhi for the purpose. It would have been impossible, in the time at our disposal, to receive formal evidence from non-official sources on the various economic and constitutional problems which must arise in connection with any enquiry into public finance, nor have we regarded such an extended investigation as falling within the scope of our duties. We have, however, so far as possible, endeavoured to acquaint ourselves informally with the general trend of non-official opinion, as well as with all facts bearing upon our main enquiry.

2. Throughout our work we have received the most cordial and invaluable assistance both from the Government of India and from the Provincial Governments, and we should like to express our deep sense of indebtedness to all the officers concerned. Our sittings have been held at a time of year when all the Departments connected with finance are already overburdened with work and must find it almost impossible to meet any additional demands upon their time and energies. Yet, short as was the notice given to them, we found on our arrival a mass of material specially prepared for us by the Government of India ; similar material was furnished to us by all the Provincial Governments within the first three weeks of our sittings ; and the Finance Members or Secretaries of the Provincial Governments were good enough to undertake the long journeys necessary to give us their personal advice and assistance. In all cases, the material laid before us, whether orally or in writing, has been clear and comprehensive, and we have been impressed by the efficiency shown in its preparation. We hope that all the gentlemen concerned will accept this expression of our very sincere thanks.

3. We take this opportunity of expressing our thanks also to our two Secretaries, Mr. K. Anderson of the India Office and Mr. Sanjiva Row of the Finance Department of the Government of India, who have rendered us invaluable service in the preparation of our Report and in all parts of our work. We must further acknowledge the unfailing assistance rendered, at great pressure, by our staff, under the superintendence of Kanwar Sardar Singh.

II.—Federal and Provincial Forecasts.

(i) *Basis of the Forecasts.*

4. Our duty is twofold : first, to estimate the probable financial position of the Federal Government and the Provinces of British India in the early years of the Federation, and to suggest adjustments between them ; and secondly, to advise on certain aspects of federal finance, mainly on matters affecting the future relationship between the Federal Government and the constituent Units.

5. In carrying out our first and main function we have been faced, not only with the inherent difficulties of estimating revenue and expenditure for some years ahead, but also with the special difficulty that, owing partly to the world economic crisis and partly to certain internal difficulties, all Indian budgets, central and provincial, have been thrown completely out of gear. The yield of the main heads of revenue has been substantially reduced ; emergency taxation has been imposed ; cuts in pay have been made for a limited period only ; while, under many heads of expenditure, severe retrenchments, some temporary and others permanent, have been effected.

6. In these circumstances, the actuals of the past two years and the budget estimate of 1932-33 afford no reliable guide in forecasting the future position, and it is necessary not only to allow for emergency taxation and retrenchment but also to make certain assumptions in regard to the general economic situation. Broadly, we assume that the present depression will come to an end and that there will follow a period of reviving trade accompanied by a gradual increase of prices which, if they do not reach the pre-slump level, will rise appreciably higher than the level now prevailing. We have tried, in short, to estimate revenue and expenditure in the early years of the Federation under more or less normal conditions ; and although our discussions with official representatives of the various Governments have to some extent centred upon the year 1935-1936, we desire to make it clear that we are not in any way attempting to frame a budget for that year or venturing any suggestion as to the actual date of federation. Moreover, although we have presented our forecasts in the form of a review of the position in a single year, we have not lost sight of the fact that it is not a single year, but a series of years, that is in question. We have accordingly made suitable allowances in our general conclusions for any variable factors or tendencies which appear to us to be of importance.

7. Whatever the actual date of federation may be, we assume that, as the forecast has been prepared at a time when conditions are exceptional, the data on which our proposals are based will be reviewed immediately before the establishment of the Federation in the light of the information then available ; and our conclusions should be held to be subject to the result of such a review.

(ii) *The Federal Forecast.*

8. Our first step has been to prepare a forecast of the revenue and expenditure of the Federal Government. For this purpose we have been furnished by the Government of India with the fullest materials bearing on all heads of revenue and expenditure, but we alone have been responsible for bringing them together in a combined forecast. The forecast which we give below must not,

therefore, be taken as necessarily representing the views of the Government of India. In Appendix I we have set out the main considerations which have influenced our calculations, but we should like to make one general observation on the forecast as a whole.

9. While we have scrutinised each head of revenue and expenditure in detail, we recognise that, taking each head by itself, the possible margin of error is very wide. Taking all heads together, however, we consider that, on the general assumptions made by us, our estimate fairly represents the probable financial position of the Federal Government in the early days of federation. It has also to be remembered that our revenue forecast throughout has, generally speaking, been based on the rates of taxation imposed by the First Finance Act of 1931 ; that is to say, we have not taken into account the special surcharges on customs, income-tax and salt at present in force. This is an assumption which, in all the circumstances, we feel obliged to make ; but we do not wish to be understood to be expressing the view that the present level of taxation ought necessarily to be reduced. On the contrary, we think it might be wise to regard some at least of these surcharges as a possible reserve.

10. In the following Table we have, for convenience, given net figures as far as possible on either side of the budget, and items relating to the Chief Commissioners' Provinces and Centrally Administered Areas have been grouped so far as the complications arising from their connection with the Central Government permit. We have assumed that Burma will be separated from India, and have estimated the results of this change on such materials as are available ; but, apart from this and the transfer to the Provinces of expenditure on their own accounts and audit, we have not allowed for the effects of future constitutional changes. Thus, income-tax revenue is included in full and also the State contributions, and no provision is made for any additional expenditure directly due to the establishment of a federal system.

TABLE I.

The Federal Forecast.

REVENUE.	(Rs. Lakhs.)		EXPENDITURE.	(Rs. Lakhs.)
Customs	51,20		*Debt Services* :	
Collection	90		Interest (Net)	11,25
Net	50,30	50,30	Sinking Fund	6,50
Salt	6,70		*Posts and Telegraphs* (Net) : ..	*Nil.*
Expenditure	1,15			
Net	5,55	5,55	*Military Budget* (Net) ..	47,00
Opium	78		*Frontier Watch and Ward* ..	1,70
Manufacture	73			
Net	05	05	*Civil Administration* including Territorial and Political Pensions but excluding other pensions and cost of collecting revenue, and allowing 60 for provincialisation of accounts and audit.	6,85
Railways (Net)		5,00		
Currency and Mint (Net)		3,80		

TABLE I—*contd.*

	(Rs. Lakhs.)				(Rs. Lakhs.)
Miscellaneous :					
Ordinary	1,66		*Pensions*		2,65
Reparations	30				
Total	1,96	1,96			
			N. W. F. P. Subvention ..		1,00
State Contributions	74	74			
			Civil Works		1,60
Income-taxes	18,00				
Collection	80				
Net	17,20	17,20	*Chief Commissioners' Provinces and Central Areas.*	2,86	
			Revenue	1,31	
			Net	1,55	1,55
Total Revenue		84,60	*Total Expenditure*		80,10

Surplus : 4, 50.

(iii) *The Provincial Forecasts.*

11. Our next task has been to attempt to forecast the financial position of the Provincial Governments on a similar basis. Here we have had before us actual forecasts of provincial budgets for the years 1933-34 to 1937-38. After a careful scrutiny of these forecasts in consultation with the representatives of the Governments concerned, we think that, on the same basis as we have adopted for our federal forecast, and allowing for the transfer of liability for accounts and audit, the figures in the following Table approximately represent the probable future position of each Government.

TABLE II.

The Provincial Forecasts.

Province.	Surplus (+) or Deficit (—). (Rs. Lakhs.)
Madras	—20
Bombay	—65
Bengal	—2,00
United Provinces	+25*
Punjab	+30*
Bihar and Orissa	—70
Central Provinces	—17
Assam	—65

12. The contrast between our estimates for a federal surplus and for an aggregate provincial deficit of a considerable amount is partly accounted for by the fact that provincial sources of revenue are, for the most part, comparatively inelastic and cannot be expected to respond as quickly as central revenues to a recovery in economic conditions.

*In estimating for these surpluses we have adopted the figures placed before us by the Governments concerned.

13. In arriving at these figures we have assumed that commercial stamps will not be federalised. Our reasons for this assumption are given in Section III of our Report. We have also assumed, in making our estimate for Bombay, that Sind will be constituted a separate Province without any subvention from the Presidency Government, and that the separation will result in a net saving to Bombay of between 90 and 100 lakhs; and we have also taken into account the financial separation of Aden from Bombay. We refer in Section V to the effect on federal finances of the separation of Sind. The financial position of the North-West Frontier Province has already been investigated by the Government of India and its deficit is represented by the subvention included in Table I.

14. A number of points have been brought to our attention by the Provincial Governments which have for some time been in dispute between them and the Government of India, including the question of the pre-Reform irrigation debt. We do not feel entitled to make recommendations on these points, and we have not taken them into consideration in our proposals.

15. We add three general observations on the provincial forecasts.

16. *Excise.*—In compiling the forecasts which were placed before us, the Provincial Governments have, generally speaking, assumed that the present economic depression will continue, or at least that recovery from it will be slower than we have assumed for the purposes of this Report. We have revised the revenue forecasts generally to correspond with our own assumptions and have, in particular, increased to some extent the estimates of excise revenue. Even so, the estimates of receipts from excise on country liquor are, we think, still very low and appear to reflect, in varying degrees, a deliberate policy tending to reduce or even extinguish this source of revenue. It would be beyond our competence to enter into the merits of that policy, but the evidence submitted to us seems to indicate that, in pursuing it, the Provincial Governments are sacrificing revenue without effecting a corresponding restriction of consumption. The decline in revenue appears to have been accompanied, almost everywhere, by an increase in illicit distillation. It will, we think, be generally agreed that a Province which deliberately foregoes revenue in this manner cannot fairly ask for special treatment in the distribution of income-tax at the expense of other Provinces.

17. *Expenditure.*—We have not taken into account the possibility of economies other than those already adopted by the Provincial Governments. Some further retrenchments may be possible within the frame-work of the existing administrative system; but, in view of the economies recently effected by Provincial Governments, it would probably be unsafe to suppose that further savings of this kind, effected during the next three or four years, will do more than balance any increased expenditure directly due to the introduction of the new reforms. Substantial reductions in existing expenditure could only be brought about by a comprehensive reorganisation of the system of administration. Measures of this kind are possible; they are being actively considered by at least one Provincial Government, while another has appointed a special retrenchment committee for this purpose; but we have not felt able to make any definite allowance for the effect of such reorganisation.

18. These remarks have a special application to Bengal. After making the same adjustments in the revenue estimates of Bengal as we had made in those of other Provinces, we found that the Bengal Government was still anticipating a permanent deficit equal to about three-fifths of any share in the total proceeds of income-tax which can fairly be claimed by the Presidency, and about one crore more than it can hope to receive out of those proceeds in the early years of federation, except by special treatment at the expense of other Provinces. We fully appreciate the difficulties through which Bengal is now passing, but we cannot believe that the Bengal Government and Legislature have no means at their disposal, whether of economy or of increased taxation, to reduce a deficit of this magnitude ; and, in the hope that measures will be devised to meet the situation, we have felt justified in reducing the anticipated deficit by about 40 lakhs. As we shall show later, it is probable that even the deficit which we have accepted for the purpose of our estimate can only be wiped out at the expense of other Provinces, and even so the Presidency would be left with no margin for financing new policies.

19. *The General Financial Position of the Provinces.*—These considerations lead us to add a general warning. Our anticipations of normal provincial revenue and expenditure in the early years of federation do not, and cannot, take account of what may happen during the period before the Federation is established. Our estimates show that, on the basis of their present revenues, most of the Provinces will be in a difficult position at the outset of federation, even if they balance their budgets during the intervening period and carry over into federation only the liabilities which they have already incurred, including those in respect of budget deficits up to 31st March 1932. If, during the intervening period, they continue to accumulate deficits year by year, the position will become quite unmanageable, and the prospects of real provincial autonomy will *pro tanto* be endangered. We realise the special difficulties which confront each Province, but we cannot refrain from observing that Bihar and Orissa, which has certainly not the least difficulties to contend with, hopes to balance its budget for 1932-33 at the cost of severe retrenchment in all its services. If, as we hope to show, the Provinces can be provided with a substantial addition to their revenues when the proceeds of income-tax begin to be distributed, it is of the utmost importance that they should make, during the intervening period, the sacrifices necessary to enable them to take full advantage of the prospective improvement in their position. Otherwise, the additional expenditure required to provide for the service of further loans, taken to cover deficits, may mortgage the new revenue to such an extent that in many cases provincial autonomy would start under the most unfavourable conditions.

20. We regard it, therefore, as essential that the Government of India and the Local Governments should give this matter their immediate attention, and should endeavour to concert measures to secure equilibrium in the Provinces during the intervening period.

21. It is hardly necessary to add that our forecast of federal finances depends upon the assumption that the Government of India, too, will find it possible to pursue, in the intervening period, a policy which will not jeopardise the initial federal surplus anticipated by us. Indeed, it will be apparent from

the later sections of our Report that the surplus we anticipate is itself inadequate, and the Government of India may well have to consider how that surplus can be not only realised, but increased.

III.—Prospects of Additional Revenue.

22. From our examination of the probable financial position of the Federation it seems clear that the transfer of all income-tax receipts to the Provinces in the manner contemplated by the Peel Committee would leave the Federal Government with a large deficit; and as that deficit would be out of all proportion to any possibilities of retrenchment, we must turn, as previous committees have turned, to the examination of possible new sources of revenue, federal or provincial.

(i) *Federal.*

(*a*) *Excise on Tobacco.*—23. The present position in regard to this tax appears to be that a substantial revenue may be expected from a system of vend licenses and fees, but that an excise duty imposed in the near future could not be relied on to yield a substantial revenue. There is general agreement that such a duty could not be imposed on the cultivator, and it is doubtful whether a duty on the manufactured product could be successful while manufacture continues to be so largely carried on in small establishments and even as a domestic industry. Vend licenses and fees can obviously be imposed only by the Governments of the Units, and their imposition by the Provincial Governments is now being encouraged by the Government of India. The difficulties in the way of a federal excise may be overcome in course of time, but it would be unsafe for us to rely on this in the near future.

(*b*) *Excise on Matches.*—24. The imposition of an excise duty on matches is already under active consideration, and we feel justified in contemplating the existence of such a duty from the outset of federation. We are advised that the probable net yield of the tax for all-India at a reasonable rate, with due allowance for reduced consumption, would be about 3 crores, of which at least 2·50 crores would be raised in British India.

(*c*) *Other Excises.*—25. It is possible that other excise duties may occupy an important place in the fiscal policy of India in the future, but we do not feel warranted in relying upon the introduction of such measures in the early years of federation.

(*d*) *Monopolies.*—26. We have examined the suggestion, made at the Round Table Conference, that federal revenues should be augmented by a few selected monopolies. From the fiscal point of view it is only in very special circumstances that a monopoly, whether of production, manufacture or sale, is to be preferred to an excise duty as a means of raising revenue. Except in so far as the proposals already noticed in regard to tobacco may be regarded as a monopoly, we can suggest no new commodity to which the monopoly method could be applied with advantage. The manufacture of arms and explosives, which has been suggested as a possible monopoly, is already subject to license. Public utility monopolies stand on rather a different footing; but the only new federal monopoly of this kind that has been suggested to us is broadcasting, the revenue from which must be entirely problematical.

(*e*) *Commercial Stamps.*—27. In the Peel Report it was observed that "There is much to be said for federalising Commercial Stamps on the lines of various proposals made in the past," but no definite recommendation was

made. We have examined this suggestion, but on the whole we cannot recommend it, at least as an immediate measure.

28. The yield of certain stamp duties which might be placed in this category was, in 1930-31, slightly more than one crore. This was a sub-normal year, and the normal yield should be somewhat higher. In 1930-31 about 40 per cent. of the yield was received by Bombay (one-eighth of this being attributable to Sind), 27 per cent. by Bengal and 12 per cent. by Madras. The loss of revenue resulting from the federalisation of these duties would therefore be unevenly distributed, and their federalisation would not ease the problem of distributing income-tax.

29. Further, there are obvious difficulties in the way of separating stamp duties into two classes, commercial and non-commercial. It could only be done by means of a schedule, and a large element of purely arbitrary selection would be involved. The simple constitutional solution would be to class all stamp duties as provincial sources of revenue.

30. We have given some attention to the question, considered by the Federal Structure Committee, whether the Provincial Governments should be given power also to fix the rates of duty on all stamps, or whether legislation on this subject should be reserved, wholly or partially, to the Federal Government. We suggest that the Federal Government should retain the power to legislate on behalf of the Provinces in regard to those stamp duties which are the subject of legislation by the Central Government at the date of federation. The duties which are now the subject of central legislation are those on acknowledgments, bills of exchange, share certificates, cheques (not now dutiable), delivery orders in respect of goods, letters of allotment of shares, letters of credit, insurance policies, promissory notes, proxies, receipts and shipping orders. We understand that proposals have been under consideration for adding other duties to this list, and would suggest that, if any such additions are contemplated, they should be made before the establishment of the Federation.

31. We ought to add, in this connection, that difficulties already arise in estimating the share of each Province in the proceeds from the sale of postage stamps for use on taxed documents; and these difficulties may be expected to lead to considerable friction with the Provincial Governments unless a more satisfactory system can be devised.

32. Finally, in proposing that the proceeds of commercial stamps should be assigned to the Units, we have to some extent been influenced by a doubt whether the problems arising from the imposition of federal stamp duties in the States might not be disproportionate to the revenue involved. We do not, however, wish to prejudge the possibility that, as part of the general federation settlement with the States, it might be found desirable to include these duties among the sources of federal revenue. This consideration might well outweigh the reasons which have led us to recommend that commercial stamps should not be made a source of federal revenue.

(*f*) *Corporation Tax.*—33. We shall comment on this tax in Sections V and VI of our Report. From the financial point of view, however, it seems clear that, if a corporation tax were imposed on companies registered in the States on the same basis as the present super-tax on companies in British India, the yield at present would be negligible.

(ii) *Provincial.*

(*a*) *Taxation of Tobacco.*—34. We have already dealt briefly with this question and have suggested that the taxation of tobacco, otherwise than by excise on production or manufacture, should rest with the Units, but that the Federal Government should be given the right to impose a general federal excise. This distinction is, we think, justified by the fact that *ex hypothesi* the introduction of excise duties on manufacture will be difficult, if not impossible, until manufacture becomes more highly industrialised; and as that development takes place an excise levied at the factory by one Unit of the Federation would be a tax on consumers in other Units. It will be seen from our later proposals in regard to powers of taxation that the federalisation of tobacco excise would not preclude the Federal Government from assigning the proceeds to the Units, if it so desired.

35. There is, unfortunately, no material which would enable us to estimate the yield of any of these forms of taxation. The provincial taxes will take some time to mature, but eventually they may be expected to form at least a very useful additional source of provincial revenue.

(*b*) *Succession Duties.*—36. Bombay is, we believe, the only Provincial Government which has attempted legislation for the imposition of succession duties, and the attempt was unsuccessful. We understand that even that Government would have preferred that legislation should have been undertaken by the Government of India. We propose elsewhere that succession duties should be classed among taxes leviable by the Federal Government for the benefit of the Units; but clearly the facts would not justify reliance on them as a source of revenue in the near future.

(*c*) *Terminal Taxes.*—37. We have been asked to weigh the issues which arise from the proposal to introduce terminal taxes generally as an additional source of revenue for the Provinces. As the arguments for and against this proposal have been so fully set forth in previous reports, it scarcely seems necessary to re-state them here. The feature of such taxation which has impressed us most seriously is its operation as, in effect, a surcharge on railway freights. Where municipal octrois are in force, there appears to be a tendency to substitute for the general levy of dues on all goods entering the municipal boundaries the simpler alternative of a terminal tax collected at the railway station, and there is already a danger that this habit may result in diversion of traffic to the roads. We therefore recommend that, if terminal taxes are to be regarded as a permanent part of the financial structure, they should be imposed by the Federal Legislature for the benefit of the Units. Such terminal taxes as are already in existence (mainly as municipal taxes) will fall into much the same category as other taxes classed as federal which, at the time of federation, are being levied by certain Units; but though it may be necessary for this reason to authorise the municipalities and Provinces concerned to continue to raise these taxes, they should be allowed to do so only within limits laid down by the Federal Legislature. Assam and Bihar and Orissa are the two Provinces which, having few or no municipal taxes of the kind at present, are most desirous of deriving provincial revenue from this source. While we do not rule out the possibility of terminal taxes in these two Provinces and elsewhere as a temporary expedient, in view of the practice which has

grown up in various parts of India, we are not prepared to regard terminal taxes as a normal source of revenue.

(*d*) *Taxation of Agricultural Incomes.*—38. We have not considered the broad issues of policy involved in the taxation of agricultural incomes, but we have considered, as we were commissioned to do, the more limited question of "the possibility of empowering individual Provinces, if they so desire, to raise, or appropriate the proceeds of, a tax on agricultural incomes." In view of the close connection between this subject and land revenue, we agree that the right to impose such taxation should rest with the Provinces. For the same reason, we think that this right should be restricted to the taxation of income originating in the Province concerned. There will presumably be no difficulty in drafting into the constitution a definition of agricultural income which has so long been recognised in Indian income-tax law and practice.

39. We are not prepared to express a final opinion as to whether agricultural and non-agricultural income should be aggregated for the purpose of determining the right of the assessee to exemption and the rate of taxation to which he is liable on either section of his income; and we doubt whether any provision need be inserted in the constitution on this point since we are advised that, in practice, it would scarcely be possible for either the Federal or a Provincial Government to take into consideration income not liable to taxation by it, except with the consent and co-operation of the other Government.

40. We are aware of no reliable data for estimating the yield of such taxation.

(iii) *Conclusion.*

41. In this survey of possible sources of additional revenue, we have deliberately left out of account the question whether or to what extent it would be possible to increase the yield of existing taxes. We have confined ourselves to an examination of new sources, and in this field the results of our survey are not encouraging. We have found that such provincial taxes as appear to be within the sphere of practical politics in the immediate future cannot be relied on to yield any substantial early additions to provincial revenues. In using the phrase "practical politics," we are not, of course, expressing an opinion as to whether this or that tax ought or ought not to be imposed, or even as to whether it is or is not likely to be imposed by the legislatures of autonomous Provinces when these are constituted. We are only noting the fact that the opposition to certain forms of taxation, or the difficulty of their imposition, is still so great that they are not likely to be adopted soon enough to influence the financial situation at the time when the Federation comes into being. In the federal sphere, the excise on matches is the only tax which we feel justified in taking into account as an immediate reinforcement of federal revenues. With this reinforcement, according to our figures, those revenues would yield a surplus of about 7·50 crores, including the whole proceeds of taxes on income as federal revenue and if the whole revenue from the new excise were paid into the federal fisc, or about 7·00 crores if only its yield in British India were taken into account. In what follows we take the latter figure, without prejudging the issue whether the excise duty on matches should be a federal tax in the full sense of the term.

IV.—Debt, Pensions and "Central Charges".

42. Before considering what settlement can be effected with the Provinces on the basis of the figures at which we have arrived, we have to examine whether the whole of the pre-federation debt will be covered by assets to be taken over by the Federal Government, how pension charges should be allocated, and whether any other part of the expenditure of the Federal Government should be regarded as expenditure on non-federal services, *i.e.*, as a "central charge".

(i) *Pre-federation Debt.*

43. The valuation of the assets to be taken over by the Federal Government is a matter rather of judgment than of strict fact-finding in view of the uncertainty as to the basis of valuation which should be adopted. Valuation cannot, in all cases, proceed on a purely *commercial* basis—that is to say, on an estimation of earning capacity—for although the accounts of some departments have been commercialised, some of them are not administered for the purpose of profit. One instance is the Posts and Telegraphs Department, where the object is so to adjust rates that receipts will just balance expenditure. Again, the earning power of the railways classed as "strategic" is affected by the fact they are an essential element in the scheme of national defence; and even in the case of railways classed as "commercial", which have in the past afforded substantial support to general revenues, a declared policy of reducing rates and fares when financial conditions permit renders it difficult, if not impossible, to estimate their full earning capacity. Nor would it be reasonable in such cases to adopt the cost of *replacement* as the basis of valuation, for if the railways had to be rebuilt and the other commercial departments of the Federation equipped afresh, the cost at present-day prices would largely exceed the original outlay.

44. We are driven, therefore, in the case of the commercial departments, to adopt as our basis of valuation the *capital* shown as debited to those departments in the statement of the public debt of India; and, in all the circumstances, this seems to be a reasonable basis. On 31st March 1931 (the date to which the following statistics refer) this figure stood at 7,67,63·17 lakhs. Adding to it the interest earning debts due from the Provincial Governments (1,51,82·53 lakhs) as well as other interest-earning advances (19,45·18 lakhs) we reach a total of 9,38,90·88 lakhs. The sums outstanding in respect of the commutation of pensions (1,89·95 lakhs) would bring this total to 9,40,80·83 lakhs.

45. We now deal with the other state property which the Federal Government will inherit. Such assets, though in some cases yielding a return in the form of rents, and in others enabling Government to avoid expenditure charged to revenue which otherwise would have to be incurred, cannot be valued on any commercial basis, as they represent, to a large extent dead assets. Nevertheless they must be taken into account, as without them Government could not properly function. Complete lists of state property falling into this category do not exist, nor is information available in all cases as to the original cost or book value. In the case of New Delhi and the Bombay Military Lands, the figure of the cost (19,88·38 lakhs) can fairly be accepted in view of the recent date of the transactions; and, for present purposes, we take the book value (87,44·00 lakhs) for all the civil and military properties and other miscellaneous items which find a place in such registers as are maintained, although, in

our judgment, the book value of several items understates the real value. The lists, however, are very incomplete ; and no account is taken of such assets as forests, most of the military lands, Royal Air Force buildings and landing grounds, certain stores, plant of the Public Works Department, furniture, libraries and museums, nor, of course, of roads and bridges. The original cost or the replacement value of these properties must be very large indeed ; but we have no materials on which we can form even an approximate estimate of the amount involved.

46. The total value, therefore, of the identifiable assets to be taken over by the Federal Government which we have considered so far amounts to 10,48,13·21 lakhs without taking into account the numerous items for which no data are available.

47. There is still another identifiable portion of the public debt of India associated with another class of assets. Following the return of large numbers of silver rupees from circulation in recent years, a portion of the silver holding in the Paper Currency Reserve has been sold. These sales have created a gap in the Reserve amounting to the difference between the nominal value of the rupees melted down and the price realised for the silver. This gap might have been made good by the transfer of securities from the Gold Standard Reserve, as that Reserve had been built up in the past from the profits of coinage. Instead of this procedure being followed, *ad hoc* Treasury Bills were created and placed in the Paper Currency Reserve. This portion of the public debt of India is therefore associated with currency assets (including in this term the Gold Standard Reserve), which are not being taken into account as assets for the purposes of our calculations. As the Federation will, either directly or through a Reserve Bank, take over these assets, it is right that it should also assume responsibility for this portion of the public debt. The loss on the sale of silver up to 31st March 1931, amounted to Rs. 14,97·81 lakhs. Had this loss been met from the Gold Standard Reserve, the currency assets to be taken over would have been correspondingly reduced and this portion of the debt would not have existed. Adding this item, the total value of the identifiable assets is increased to 10,63,11·02 lakhs.

48. Turning, now, to the amount involved if the whole of the pre-federation liabilities were assumed by the Federal Government, we have ascertained that the debt position of the Government of India on 31st March 1931—the latest date for which actuals are available—was as follows :—

	Lakhs. Rs.
Interest-bearing liabilities	11,87,47·85
Non-interest-bearing liabilities	29,89·28
	12,17,37·13
Less liquid assets	34,69·96
Total liabilities	11,82,67·17

Interest-bearing liabilities include not only loans, sterling and rupee, and Treasury Bills held by the public and in the Paper Currency Reserve, but also the balance of the War Contribution, Railway Debenture Stock and Railway Annuities, Post Office Savings Bank deposits, Cash Certificates, Provident and

certain Family Pension Funds, Depreciation and Reserve Funds and interest-bearing provincial balances. Non-interest-bearing liabilities of a liquid nature include a variety of items, such as deposits and provincial balances which do not bear interest, the amounts due to certain non-interest-earning funds, uncashed cheques and accrued discount on Treasury Bills; while liquid assets include cash balances, repayable advances and the sinking fund investment account for certain loans.

49. In the above statement, the public debt has been taken at its nominal figure. This debt, carrying, as it does, an over-all rate of interest of 4·29 per cent., might, for the purpose of assessing the present-day capital liability, not unreasonably be written down on a 5 per cent. basis by something like 170 crores; or, viewing the matter in another way, if the irredeemable loans raised at 3½, 3 and 2½ per cent. were reassessed on the same basis, the figure of indebtedness would be reduced by about 145 crores.

50. Having regard to this and to the fact that our figure of 10,63,11·02 lakhs takes no account of a large and valuable block of assets, we do not hesitate to report that, if the Federal Government assumed responsibility for the whole of the prefederation debt, its obligations would be covered by the assets also taken over. It will also be evident from other parts of our Report that the service of the debt will be fully covered by the sources of revenue which will remain at the disposal of the Federal Government.

51. We are satisfied that, if Burma is separated from India, a division of the liabilities and assets somewhat on the basis suggested in the Howard-Nixon Memorandum will not, so far as the future Federation is concerned, have any invalidating effect on the conclusion at which we have arrived.

(*ii*) *Civil Pensions.*

52. In Appendix II we have attempted to analyse the civil non-effective charges at present falling on the central budget and, starting from the assumption, adopted by the Peel Committee, that pensions awarded in respect of service in a department or office which will be federal are a proper federal liability, to describe and evaluate the items which constitute the balance of those charges.

53. The existing civil pension charge can be classified as follows:—

	Approximate cost in 1930-31. Lakhs.
(1) Political and Territorial Pensions..	32
(2) Pensions paid in respect of members of contributory funds now closed	67
(3) Pensions paid in respect of members of the I. C. S. Family Pension Fund and the Bengal Pilot Service Fund	8
(4) Ordinary Pensions including miscellaneous adjustments ..	1,66
	2,73

Of these, the first are not pensions in the ordinary sense of the term, and are clearly a federal charge.

54. The Bengal Pilot Service Fund is self-supporting in that the cost of pensions is covered by the fees received from the users of the pilot service. The Indian Civil Service Family Fund, though at present included in the budget of the

Government of India, may, for our present purpose, more accurately be regarded as an interest-bearing debt owned by Government to a solvent fund constituted out of the subscriptions of the members and liable for all outgoings. We have included this *pro forma* debt in the review of the pre-federation debt in the previous section. Whether, in fact, the fund is actually treated in this way and removed from the federal budget, or not, is immaterial to the argument. The correct allocation of the whole liability as federal is not affected.

55. As regards the closed funds, the assets having at various dates been taken over by the Government of India, the liabilities are at any rate partially debt liabilities. Unfortunately, it is not possible to ascertain either the present residual value of the assets taken over or the extent to which the actual liability in respect of the members of the funds exceeds that residual value. Rather more than half the annual charge is in respect of military (and Royal Indian Marine) funds, and is accordingly a proper federal charge in any event. The balance—some 29 lakhs a year—relates almost entirely to the Bengal, Madras and Bombay Civil Funds. This liability, in so far as it is not covered by the assets taken over, is clearly not a federal liability ; but, inasmuch as the funds were closed nearly fifty years ago, the annual charge must fall very rapidly and should soon disappear entirely.

56. We have now to determine what part of the annual charge for ordinary pensions is properly federal. As explained in detail in the Appendix, pensions awarded since 1st April, 1921, whether paid in India or elsewhere, have been allocated between the Central Government and the Provinces strictly on the basis of the pensioners' service. On the other hand, in the case of pensions awarded prior to 1st April, 1921, while, broadly speaking, each Province was made liable for payments to all pensioners resident within its borders, the Government of India accepted responsibility for the payment of all pensions outside India. The present charge in respect of pensions paid out of India is some 80 to 90 lakhs per annum. As indicated in the Appendix, we estimate that about five-sixths of this is in respect of service in the Provinces. The charge is rapidly falling (it has fallen by roughly 50 per cent. since 1st April, 1921), while, as regards pensions paid in India by the Provinces, there appears to be no need for re-allocation.

57. The conclusion, then, is that, at the beginning of federation, there will be a rapidly declining non-effective liability in respect of ordinary and family pensions which is not likely to exceed 80 or 90 lakhs per annum. This liability should, theoretically, be apportioned between the various Provinces. Such an allocation, even if the necessary records exist, would, however, involve an expenditure of labour out of all proportion to the theoretical improvement in the presentation of the true position. It seems clear that the Federal Government will in effect retain out of the proceeds of income-tax paid only in British India a much larger sum than the annual liability for pensions which are properly a charge against British India alone, at least for so long as such liability is of sufficient magnitude to be worthy of consideration. We therefore recommend that no attempt be made to show this " central " liability of some 80 or 90 lakhs as a separate item in the superannuation charges (of something over 2½ crores per annum) which will appear in the federal budget.

(iii) *"Central Charges."*

58. If our recommendations as to debt and pensions are accepted, we feel justified in assuming that no section of opinion in India is likely to think it worth while to separate out of the federal budget such minor items of expenditure as may, at the present moment, be held to be incurred mainly on behalf of the Provinces. The cost of the Income-tax Department, including pensions, will of course be treated as a deduction from the yield of taxes on income.

V.—DISTRIBUTION OF INCOME-TAX.

(i) *Preliminary Remarks.*

59. Having made a forecast of the financial position and having dealt with the pre-federation debt and pension charges, we are now in a position to examine the important question what settlement the Federal Government will be able to effect with the Provinces on the basis of our estimates. We must observe, however, that we have no knowledge what provision may have to be made for at least three factors :—

(*a*) Any concurrent settlement with the States ;

(*b*) the separation of Sind ; and

(*c*) additional expenditure directly due to the establishment of a federal system.

The first two points are under investigation by other Committees while, as to the third, it is clearly impossible to estimate the cost of a Federal Legislature or a Federal Court the constitution of which has not yet been determined. On this latter point, however, we feel bound to remark that we hope the cost of introducing the new reforms will be reduced to a minimum, both at the centre and in the Provinces. The opinion is widely held in India that the cost of government already exceeds what can properly be borne by a predominantly agricultural country, and it would be deplorable if the first result of the reforms were a large addition to the overhead charges of Government. If we may venture to say so, much may depend on the example set in this matter by the Federal to the Provincial Governments.

60. In these circumstances, we propose to approach the problem from another angle and to consider what is the minimum sum required to put the Provinces in a fair position to begin their work under the new federal system.

61. The Peel Committee recommended that taxes on income should be transferred to the Provinces, with the exception of corporation tax which, it was suggested, might, in certain circumstances, be retained by the Federal Government. The present super-tax on companies is a corporation tax ; but it would obviously be undesirable to define a particular kind of corporation tax in a permanent constitution, and we confess that we are unable to devise any definition appropriate to such a constitution except the wide one of a tax on the profits of companies. We shall return to this question in the next section of our Report ; but, for our present purpose, we assume that corporation tax will be federalised and that its yield will be equal to that of the present super-tax on companies.

62. In addition, the Federal Government should obviously retain tax paid by residents in the Federally Administered Areas, and we think it should also be allowed to retain tax paid on the salaries of federal officers.

63. The Peel Committee also recommended that the whole of the taxes on income to be transferred to the Provinces should be so transferred at the outset of federation, and that any resultant federal deficit should be met from Provincial contributions. It is clear from our estimates that, on this basis, there would in fact be a very substantial deficit. We shall state our proposals in terms of the method recommended by the Peel Committee; but it will be seen that, under our proposals, this method amounts, in practice, to a transfer to each Province of a percentage of the share of income-tax estimated to be attributable to it.

64. Finally, the Peel Committee recommended that the constitution should specifically provide for the extinction of provincial contributions by annual stages over a definite period, such as ten or fifteen years. We have considered this recommendation with the greatest care, and have come to the conclusion that, on the data now available, it is impossible to specify an annual rate of reduction of contributions or a definite period within which it could be anticipated with reasonable certainty that the natural growth of existing federal revenues, at the rates of taxation we have assumed, would enable the Federal Government to extinguish contributions altogether.

(ii) *Principles of Distribution.*

65. It is important to select a proper basis of distribution of income-tax receipts. This must satisfy three fundamental tests :—

(*a*) It should be simple, easily understood and administratively workable.

(*b*) It should give results as between Province and Province which are likely to be accepted as fair on the whole.

(*c*) It should not be incompatible with the idea of a federation of autonomous units.

We shall now consider how far the various bases that have been suggested satisfy the above tests.

66. The Central Board of Revenue has furnished us with an expert review of the various possible methods of distribution, from which it would appear that an allocation on the basis of *collections* (or of the income brought under assessment) would lead to gross injustice as between Province and Province. Companies (often operating over large areas) are assessed at a single place, namely, the head office, which, in most cases, is located in the industrially more advanced Provinces; and interest on securities held all over the country is paid by the Public Debt Offices in Calcutta, Bombay and Madras. We see no reason why, merely because of the accident that income is assessed or tax collected there, these Provinces should benefit at the cost of others in which the income accrues or the tax-payer resides. This basis must, therefore, be ruled out.

67. Distribution by *population* has equally no scientific basis; but, as will be seen later, it can be adopted with advantage for the distribution of taxes on certain forms of income which cannot easily be assigned to any particular locality, such as the undistributed profits of companies and the income of non-residents.

68. There is no doubt much to be said in theory for the basis of *origin*, but we are satisfied that it would not be administratively workable in respect of the income of individuals and, even in respect of the income of companies, would be workable only if the allocation were to be made wholly on arbitrary lines, either by investing income-tax officers with unlimited discretion or by laying down uniform rules of allocation, irrespective of widely varying conditions. We cannot, therefore, recommend the adoption of this method.

69. There remains the basis of *residence* in one of two forms, either the basis of personal incomes (assessed or assessable) in each Province, or the amount of income-tax on such income attributable to each Province. In making the choice between these two alternatives, it is relevant to consider what would happen if each Province were raising its own taxation; and we have no hesitation in adopting the basis of the tax actually paid as being the more appropriate in the circumstances.

70. What has to be done, therefore, is to credit each Province with the tax paid by persons resident in it (*i.e.*, by individuals, Hindu undivided families, unregistered firms and certain associations), including tax on dividends received by them from companies. This gives rise to no difficulty in regard to personal super-tax since, generally speaking, super-tax is not collected at source but after formal assessment. In respect of ordinary income-tax, however, we are advised that there are practical difficulties in ascertaining the amount of tax actually creditable to each Province. A substantial part of the ordinary income-tax is collected at source; and it often happens that no formal assessment is made on the tax-payer (*i.e.*, the recipient of the income) either because the income-tax authorities are satisfied that he has no other source of income or, it may be, because the person evades assessment. While we cannot recommend that increased expenditure on income-tax establishments should be incurred merely to make formal assessments which bring no additional revenue, we are of opinion that the system of statistics now in being should be modified before the inauguration of the Federation in such a way as to facilitate the ascertainment of the personal income-tax creditable to each Province. This system, if suitably modified, could, in our opinion, reduce the element of estimation to a minimum.

71. Pending the collection of such statistics, the only practicable course appears to be to throw all the personal income-tax (*i.e.*, excluding personal super-tax) into a common pool and to distribute this pool between the Provinces on the basis of the best estimate that can be made from time to time, having regard to formally assessed incomes and to the probable amount of incomes paying tax at source, but not formally assessed, in each Province. Personal super-tax, as already stated, should be credited to the Province in which the assessment is made.

72. As regards tax on income other than " personal income " (*i.e.*, the income of non-residents and undistributed profits of companies), we are of opinion that, in view of the difficulty of tracing the origin of such income, the proceeds should be distributed on the basis of population. This would incidentally help, to some extent, the poorer Provinces with large populations like Bihar and Orissa and the United Provinces.

73. The plan that we have suggested above appears to satisfy the first two criteria referred to in our opening paragraph, and we may now examine how far it satisfies the third criterion. It is obviously neither possible nor necessary to work out the results of all the possible schemes of taxation of incomes that the Provinces might evolve if they were independent states. They could, however, tax only *persons* within their jurisdiction, and *things* within their jurisdiction, *i.e.*, tax on the basis of residence or on that of origin; and all schemes of income-tax ultimately rest on these two bases in some form or other, whether singly or in combination. The co-existence of varying systems in the different Units would undoubtedly give rise to various problems of double taxation, in regard to which a Province would, if it desired to give relief, have to negotiate with other Provinces. All schemes of relief from double taxation, however, are of the nature of compromises, and not, therefore, likely to be strictly logical or consistent ; and it is consequently impossible to determine *a priori* what exactly would happen if each Province levied tax as an independent state. But what we are concerned with is not so much what the Provinces would actually do if they were independent states as whether our scheme is inherently consistent with the idea of provincial autonomy. A system of taxation resting primarily on the basis of residence, with reciprocal exemptions for residents of other states, which is the essential feature of our scheme, does not, in our opinion, conflict with this idea. Indeed, such arrangements as between independent states are not without precedent, and are in fact favoured by the balance of expert opinion.

(iii) *The Distribution Proposed.*

74. On the basis that we have recommended and on the data available to us, we estimate that the proceeds of taxes on income would be divided between the Federal Government and the Provinces in the following manner :—

	In lakhs.
Total gross yield of income-tax	18,00
Less cost of collection	80
Net yield ..	17,20
Super-tax on companies, tax on salaries of federal officers and personal income-tax and super-tax levied in Federal Areas (to be retained by the Federal Government)	3,70
Balance available for distribution to the Provinces	13,50

Of this sum, about Rs. 2,00 lakhs represent collections of personal super-tax (*i.e.*, other than company super-tax) and would be distributed on the basis of actual collections from residents. Of the balance of 11,50, about one-seventh would approximately represent the estimated tax on the undistributed profits of companies and on the incomes of persons resident outside British India ;

and we suggest that this fraction of the income-tax receipts should be distributed on the basis of population. The remaining six-sevenths would be distributed on the basis of the estimated share of personal income-tax creditable to each Province. The following Table sets out the position. (The data on which the percentages have been calculated are explained in Appendix III.)

TABLE III.

Distribution of Income-tax.

[In lakhs of rupees.]

Province.	2 crores on collections of personal super-tax.	1/7th of 11½ crores on population basis.	6/7ths of 11½ crores on basis of personal income-tax without federal salaries.	Total.
1	2	3	4	5
Madras	7	30	1,46	1,83
Bombay *	50	14	2,79	3,43
Bengal	1,10	32	2,63	4,05
United Provinces	8	31	84	1,23
Punjab	2	15	74	91
Bihar and Orissa	18	24	65	1,07
Central Provinces	3	10	46	59
Assam	1	6	22	29
North-West Frontier Province †	1	2	7	10
Total ..	2,00	1,64	9,86	13,50

75. At this stage we desire to emphasise that the percentages given in Table III are estimates only and are not intended to be precise figures for insertion in the constitution. The super-tax figures, of course, represent actual collections, and would be so referred to in the constitution or in statutory rules under the constitution. The figures we have given may be affected in the future by trade conditions. Even in the case of income-tax, it may not be necessary to lay down any percentages if it be found possible for the Central Board of Revenue to evolve a system under which the proceeds of the tax could be distributed each year on the ascertained figures of, say, the preceding year

* Includes Sind. Figures for the latter in respect of Columns 2 and 4 are not readily available, but are roughly estimated at about one-sixteenth (under both the Columns together) of the total figure for Bombay plus Sind.

† The share due to the North-West Frontier Province will presumably go in reduction of the subvention to that Province.

instead of on estimates. On the other hand, if, as we suggest later, the contributions from the Provinces are fixed in proportion to the shares of income-tax made over to them, it might be an advantage, from the point of view of the stability of the provincial budgets, that the share (*i.e.*, percentages) of income-tax due to the Provinces should not be altered from year to year, even if readily ascertainable, but be fixed for a term of years, the percentages due to each Province being revised (say) every five years on the basis of the figures of personal income-tax for the previous quinquennium as disclosed by the income-tax statistics. In view of the incomplete data on which our estimates have been made, a special review would, in any case, be necessary at the time the Federatior is established in order to fix the initial percentages. If it is considered necessary that the percentages to be used as the basis of distribution from time to time should be finally determined by some independent authority, we would suggest that this might be done by the Auditor General.

(iv) *Basis of Contributions.*

76. We have now to consider on what basis the total contribution to be taken from the Provinces should be allocated among them.

77. We have studied the scheme of the Meston Settlement with a view to adapting it, if possible, to the solution of our problem, since, in spite of the difference created by the advent of federation, our problem has some affinity with that considered by the Meston Committee.

78. Under the Meston Settlement there were two fundamental scales of contributions—the initial scale which was fixed arbitrarily but with reference, primarily, to the additional resources at the disposal of each Province as a consequence of the reallocation of heads of revenue under the Reforms, and the " standard " scale which was calculated with reference to all relevant factors, namely, wealth (both actual and potential), taxable capacity, the revenue of the Provincial Government and its possible expansion, the standard of expenditure, liability to famine, etc. The " standard " scale was to be reached gradually in seven years by nearly equal steps. Bihar and Orissa, which in view of its specially bad financial position was allowed to start with no contribution, made no contributions at any time ; and from 1922-23 onwards the Government of India remitted also the contribution of Bengal. All the contributions were extinguished in 1927-28 and effect was never given to the ultimate " standard " scale of contributions recommended by the Meston Committee.

79. Our problem is more akin to that which the Meston Committee had to consider in respect of the first seven years of the Montagu-Chelmsford reforms than to the permanent scale of contributions which that Committee had to determine ; and, even if we could revise their " standard " scale by re-valuing the factors which they took into consideration and bringing into account the addition to provincial revenues derived from income-tax, the application of such a scale would leave some Provinces in deficit or with too small a margin of increased revenue. In the circumstances, we have been driven, as the Meston Committee were driven in respect of the transitional period, to the expedient of assessing the contributions primarily with reference to the additional resources of the Provincial Governments—in other words, in proportion to their shares of income-tax.

80. We have already indicated that we should prefer the income-tax collected each year to be distributed, not on the actual ascertained percentages of each year, but on percentages based on the actual figures for a series of years and fixed for a term of (say) five years. We consider that the aggregate contributions to be paid by the Provinces to the Federation should be a fixed sum which should be reduced gradually as and when the Federal Government can afford to do so. This aggregate should be apportioned among the Provinces, at the same intervals of five years, in proportion to their shares of income-tax and super-tax ; and the sums thus assigned to each Province should remain subject at any time to rateable reduction in the event of a reduction of the aggregate contribution.

(v) *The Contributions proposed.*

81. The following Table sets out the results of applying these principles on the assumption that the Federal Government will be unable, at the outset, to devote more than five crores to the settlement with the Provinces ; or, in other words, that the Provinces will have at first to contribute 8½ crores to the Federal Government:—

TABLE IV-A.

Contributions.

Province.	Surplus (+) or deficit (—) on the basis of present provincial revenues. (See Section II.)	Share of income-tax.	Full contribution payable proportionately to the amount under column 3.	Surplus (+) or deficit (—) if full contribution is paid.
1	2	3	4	5
Madras	—20	1,83	1,15	+48
Bombay (excluding Sind)..	—65	3,22	2,03	+54
Bengal..	—2,00	4,05	2,55	—50
United Provinces ..	+25	1,23	78	+70
Punjab	+30	91	57	+64
Bihar and Orissa ..	—70	1,07	68	—31
Central Provinces ..	—17	59	37	+5
Assam	—65	29	18	—54
N.-W. F. Province* ..	..	10	6	..
Sind*	..	21	13	..

* The shares due to the North-West Frontier Province and to Sind will presumably be taken into account in fixing any subventions to those Provinces.

82. If our estimates are approximately correct, our plan will thus leave three Provinces in deficit. If contributions could be reduced rateably by 2½ crores in the aggregate—*i.e.*, if the Federal Government could devote 7½ crores

to the settlement with the Provinces—Bengal would be left with a surplus of about 25 lakhs, and a little less than 25 lakhs would be required to wipe out the deficit of Bihar and Orissa and to remit to Assam the whole of its contribution—a sum which could be distributed rateably among the other Provinces without arousing any serious sense of grievance. If contributions could be reduced by 1 crore in the aggregate—*i.e.*, if the Federal Government could devote 6 crores to the settlement with the Provinces—this reduction would be approximately sufficient to wipe out the deficits of Bengal and Bihar and Orissa and to remit the contribution of Assam, if the benefit of the reduction were given wholly to these three Provinces. If no more than 5 crores are available for the settlement with the Provinces and if, nevertheless, it is desired to fill the deficits of Bengal and Bihar and Orissa and to remit the whole contribution of Assam, this can only be done by reducing the share of the 5 crores which would go to the other Provinces.

83. Bengal has frequently put forward a claim to a share, in some form, of the proceeds from taxation on the export of jute. Assam, too, has recently claimed the excise duty on kerosene and motor spirit produced within its borders. These or any similar proposals raise highly controversial questions of principle ; but as, in any case, they could only result in delaying *pro tanto* the remission of provincial contributions, we have not felt able to take them into account for the purposes of our scheme.

84. We have considered other proposals which might to some extent conceal the realities of the situation, but it seems better to state frankly that the only method of relieving the deficit Provinces is to spread the charge over the other Provinces. The charge ought to be spread in proportion to the amount of income-tax received by each Province, but so as not to convert any of their surpluses into a deficit. If a remission of 50 lakhs were made to Bengal, 33 lakhs to Bihar and Orissa, and 18 lakhs (the whole contribution) to Assam, the results would be as shown in the following Table :—

TABLE IV-B.

Contributions.

Province.	Full contribution payable.	Contribution proposed.	Final surplus.
Madras	1,15	1,41	22
Bombay	2,03	2,48	9
Bengal	2,55	2,05	*Nil*
United Provinces	78	95	53
Punjab	57	70	51
Bihar and Orissa	68	35	2
Central Provinces	37	37	5
Assam	18	*Nil*	—36

85. If this procedure were adopted, we should hope that the preferential treatment of certain Provinces in the matter of contributions would only be temporary; but so long as it continues we think that the extinction of the excess contributions of the Provinces which are contributing more than their share should be regarded as a first charge on any sum available to the Federal Government for the reduction of contributions.

86. Assam is in a special position since, obviously, no special treatment within the limits of a scheme for distributing income-tax will meet its needs. If its whole contribution is remitted, it will still be left with a deficit of 36 lakhs. This figure would be reduced by about 10 lakhs if the Government of India were to relieve the Province of certain charges in respect of frontier tracts on the lines of proposals recently made by the Government of Assam. A possible further source of revenue would be a terminal tax, the yield of which is estimated by the Provincial Government at about 20 lakhs. For the rest, we can only make a suggestion. Assam appears to present one peculiar feature, not present in the same degree in any other Province, namely, that it is comparatively undeveloped and cannot itself afford to raise the capital necessary for its development. It is at least possible that Assam might be made self-supporting in the future by a well-considered programme of development and land settlement financed by federal loans, possibly on terms which would take account of the immediate difficulties of the Province during the period until the development becomes effective. We suggest that the Government of India should examine this possibility in consultation with the Government of Assam.

(vi) *Conclusion.*

87. We conclude that—(1) $7\frac{1}{2}$ crores is the amount required to carry out a logical distribution of income-tax among the Provinces with special treatment only for the two Provinces which are generally recognised to be in need of such treatment.

(2) Six crores would be sufficient to give special treatment to Bengal as well as to these two Provinces, while leaving Madras, Bombay, the United Provinces and the Punjab each with a substantial surplus ranging from about 45 lakhs to about 70 lakhs.

(3) On the basis of 5 crores, a method of distribution can be devised which, while calling for temporary sacrifices from these four Provinces, would enable every Province except Assam to balance its budget.

88. On our estimated federal surplus of 7 crores, a net distribution of 5 crores would leave 2 crores available for the contingencies to which we have referred. We can express no opinion as to whether this balance will prove more than sufficient to meet those contingencies, but we should hope that any new expenditure arising out of the establishment of the Federation, including the separation of Sind, will not exceed about one crore.

(vii) *Concluding Remarks on the Settlement.*

89. In this survey of federal and provincial finance we have endeavoured to confine ourselves as strictly as possible to the study and presentation of facts. We have deliberately refrained from arguments or speculations which might lead to fresh debate and postpone a decision. It may not be out of place here if we draw attention to one or two of the conclusions which appear to arise from the facts.

90. The facts seem to show, in the first place, that, given a recovery from the present abnormal economic conditions, the financial scheme outlined in the Peel Report provides a foundation on which an Indian Federation can be established and can begin its work. Under that scheme it will apparently be possible to give relief to the Provinces, commensurate in amount with their most urgent needs, and compatible in form with their dignity as autonomous Units.

91. But the facts show also that this relief to the Provinces not only need not, but cannot, be given at the expense of the other Units. If, in our survey of possible federal taxes, we had found any new source of revenue, other than the excise duty on matches, which could be placed at the disposal of the Federal Government to replace taxes on income in the immediate future, we should have felt bound to report the fact, whatever might be our opinion as to the advisability of using new federal taxation for this purpose. What we have found is that the obstacles in the way of widening the basis of all-India taxation in present circumstances arise primarily from the economic conditions and the economic policy of British India, not from any conflict of policy between British India and the States. In referring to considerations of practical politics, we have had in mind public opinion in British India, not public opinion in the States. In leaving open the question of the appropriation by the Federal Government of the proceeds of a new excise duty on matches so far as those proceeds are derived from the match industry in the States, we have had in mind simply the possibility, and indeed the hope, that such a duty may be imposed by co-operation between the Government of India and the State Governments before the establishment of federation ; and we have refrained in all our calculations from assuming the surrender by any Unit of an existing source of revenue.

92. In other words, we have found, as a matter of fact, that the Federal Government will not have at its command, at the outset of federation, large reserves wherewith to satisfy claims, whether of the Provinces or of the States, which the Government of India have hitherto found themselves unable to meet. This fact has a bearing on the problem of equalising burdens as between all Units of the Federation. The principle of equality is accepted by all sections of opinion. It is not our function to interpret that principle. We can only report that, on the facts as we have found them, the Provinces will have for some time to contribute, in one form or another, a considerable sum out of their income-tax receipts towards the finances of the Federal Government. The question whether, or to what extent, this special contribution from the Provinces can be regarded as balanced by any special burdens borne by the States is one which can only be decided when His Majesty's Government have all the necessary facts before them. But whatever may be the decision on this point, it seems clear that the power of the Federal Government to redress inequalities will be limited by intractable facts.

93. Perhaps this conclusion points to another. It is doubtful whether a jealous comparison of relative burdens offers a sound basis for a successful partnership. Each partner in a new enterprise must bring something substantial into the common pool and may expect to derive solid advantages from the partnership commensurate with his contribution: but, if those conditions are fulfilled,

the partners will be unwise to insist on a meticulous equality. They will probably find it best to take their associates as they are. Similarly a new federation may find, at the commencement of its existence, that the conception of maintaining the *status quo* in non-essentials is a better guide to policy than any ambitious ideals of equality or uniformity.

VI.—Powers of Taxation.

(i) *Allocation of Powers and Lists of Sources of Revenue.*

94. Hitherto, as we have already remarked, the facts which we have found point to the maintenance, in practice, of the *status quo* in matters of taxation as between British India and the States. We have not recommended the raising of new federal taxation for the purpose either of distributing income-tax to the Provinces or of meeting any admitted claims of individual States, whatever these may be. Those who fear that new federal taxation might be necessary for such purposes may perhaps be reassured by the fact that we have been led to this conclusion, not by any preconceived ideas of our own, but by a study of the facts.

95. Now, however, we have to consider a somewhat different question. Every government working under a fixed constitution must have powers of taxation which are not merely commensurate with its normal functions, but also sufficient to support its credit both at home and among the nations of the world. A government whose revenues are inelastic, or whose powers are so restricted that it cannot maintain a proper balance between direct and indirect taxation, will be in danger of finding that its credit is as inelastic as its revenues and as restricted as its powers of taxation. Purely emergency powers are insufficient to avert this danger; the powers required are rather powers for the *prevention* of emergencies. However much they may be recognised to be powers held in reserve against abnormal occurrences, the government must be able, if necessary, to use them farsightedly, not merely to remedy a dangerous position when a crisis has arisen, but when possible to obviate the occurrence of the crisis itself. The true guarantee of the Units against the unnecessary use of such powers—a guarantee which was found effective by the United States of America for more than a hundred years—lies in the strict limitation of federal functions and in the reluctance of a federal legislature, representing the people and governments of autonomous units, to vote new federal taxes except in case of absolute necessity.

96. The Peel Committee contemplated that the necessary reinforcement of federal revenues might be found in excise duties and in a corporation tax. The arguments in favour of reserving the field of excise to the Federal Government, with the exception of duties on certain classes of commodities, are very strong. They are taxes on consumption which, in economic theory, should not be levied by the government of one unit on the consumers of another. It is also desirable to reserve this part of the field of taxation for the Federal Government, whose finances would otherwise be unduly dependent upon external customs. It will, however, be observed that nearly all the excise duties which would be reserved to the Federal Government under the proposals of the Peel Committee are duties which would, in all probability, be

imposed only as a set off against a decline of customs revenue resulting from a successful protectionist policy. The only exceptions are the existing duties on petroleum products and the proposed duties on matches and tobacco, and we have reported that the Federal Government may find it impossible to impose a tobacco excise for some time to come.

97. The recommendation of the Peel Committee in regard to corporation tax rested solely, as we understand it, on the assumption that this form of income-tax and no other would be acceptable to the States. We think it possible that many of the States would agree to the imposition of a corporation tax by the Federal Government, but that they would be reluctant to allow the Federal Government to appropriate the proceeds accruing in their territories. If this should prove to be the case, the advantages of giving a tax like the present super-tax on companies a distinct place in the constitution would largely disappear. We have already pointed out that the constitutional definition of such a tax would probably have to be wider than was contemplated by the Peel Committee.

98. If it were found necessary to abandon the idea of corporation tax as a federal source of revenue, the proceeds of the tax could be distributed to the Provinces on the same basis as personal income-tax (one-seventh in proportion to population and six-sevenths in proportion to personal income-tax assessed on residents), the provincial contributions being correspondingly increased. But, if this were done, the Federal Government would lose the one tax which could be relied on at present to compensate it for a fall in customs revenue.

99. We therefore venture to make a suggestion which we do not think is inconsistent with the principles laid down by the Peel Committee, and is, indeed, in harmony with their desire to secure " a considerable degree of elasticity in the financial framework ". One fact which has come out clearly in our investigations is the widespread recognition of the need for uniformity of taxation throughout India in certain fields. It is for this reason that we have already suggested that the Federal Government should retain the power of legislation in regard to certain sources of revenue levied for the benefit of the Units. The allocation to the Federal Government of the *power* of taxation in these fields in no sense implies that the actual *collection* of the taxes concerned should necessarily be placed in the hands of federal officers, and it may be worth noting that the collection of the existing duty on petroleum products in British India is carried out by officers in the service of the Provincial Governments.

100. Our suggestion is that the Federal Government should have a general power to impose a surcharge for its own purposes on any tax levied by it in this way for the benefit of the Units. If this suggestion were adopted, it would, we think, be necessary to accord to the Units, on their side, some interest in the proceeds of federal excises, and to provide that the Federal Government should be at liberty to assign the whole or any part of the proceeds to them, as may be laid down in the Federal Act imposing the particular duty.

101. This proposal, if adopted, would, of course, result in anomalies so long as taxes imposed for the benefit of the Units were not levied uniformly throughout the Federation; but, as we have seen, an anomaly of

precisely this kind must in any case exist in regard to income-tax for some time after the Federation is established, quite apart from any question of the fiscal policies of the States. Whatever those policies may be, the Federal Government will in any case be obliged to retain, in the form of contributions, a much larger percentage of the proceeds of income-tax attributable to the Provinces than would be involved in a mere federal surcharge. It will be observed that we have not sought to justify this retention of a percentage of income-tax receipts as a federal source of revenue during the early years of the Federation by any theoretical considerations. We have not, for instance, suggested that it should be regarded as a special contribution from British India towards pre-federation pension charges or the service of the pre-federation debt. On the other hand, we have not discussed whether, or in what sense, the Provinces can be regarded as having a right to the proceeds of income-tax. Having found the facts, we have been content to present them as facts. It seems inevitable that the Federation must be established, in large measure, upon the basis of the *status quo*; but if the different fiscal policies of the partners in federation are recognised from the outset in a spirit of mutual accommodation, there can be little doubt that those policies will tend to approximate to each other as time goes on.

102. On this basis, we append three lists of sources of revenue in regard to which the power of legislation should rest with the Federal Government :—

I. Sources reserved to the Federation.

II. Excise Duties.

III. Taxes leviable for the benefit of the Units subject to a right of federal surcharge.

103. All the rights thus reserved to the Federal Government may, of course, be subject to exceptions in favour of the States, whether in respect of their treaty rights, or in respect of taxes now levied by them, or in respect of special postal and currency rights, or otherwise. We have not been required to report on the manner in which such exceptions should be embodied in the constitution or in the treaties with the States, and we therefore only note that our lists must be read with this general qualification.

104. In Appendix IV, we also give, as we are required to do, a list of other sources of revenue. This list may serve as a basis for any specific schedule of sources reserved to the Units which it may be decided to insert in the constitution. It includes sources which are or may be open to local authorities, since in constitutional theory local government taxes are provincial or state taxes, and in practice the two cannot be delimited as separate spheres. We must, however, point out that this fourth list cannot be regarded as exhaustive and that the taxes included in all four lists overlap at various points. We doubt the possibility of drawing up a complete comprehensive list of taxes not included in the first three lists; and the definition of the taxes in all the lists, so as to avoid litigation resulting from a conflict of jurisdiction, must in any case be a matter of legal draftsmanship.

SOURCES OF REVENUE IN REGARD TO WHICH THE RIGHT OF LEGISLATION RESTS WITH THE FEDERAL GOVERNMENT, SUBJECT TO STATE RIGHTS.

I.—SOURCES RESERVED TO THE FEDERATION.

1. Revenue from the public domain vested in the Federal Government, including lands, buildings, mines, forests, and any other real property of the Federation.

2. Revenue from federal enterprises, including railways, aviation, posts and telegraphs, opium and salt manufacture, and other undertakings of the Federation.

3. Profits arising from the management of federal currency, banking profits, revenue from investments or loans, payments to the Federal Government in discharge of debt, and federal lotteries.

4. Fines and penalties arising in respect of subjects administered by the Federal Government.

5. Fees levied in the course of discharging the functions committed to the Federal Government, such as fees of the Federal Court, port, pilotage and lighthouse dues, and fees for the registration of companies.

6. External customs duties and export duties.

7. Excise on salt.

8. Taxes on immigrants.

9. All sources of revenue within the Federally Administered Areas.

10. Contributions from the Units of the Federation as prescribed in the constitution.

11. Any other receipts accruing in respect of federal subjects.

II.—EXCISE DUTIES.*

Excise duties, excluding those on salt (see List I), and on alcoholic liquors, narcotics (other than tobacco) and drugs† (see Appendix IV).

III.—TAXES LEVIABLE FOR THE BENEFIT OF THE UNITS SUBJECT TO A RIGHT OF FEDERAL SURCHARGE.

Note.—The following classification, (*a*) and (*b*), merely represents what we assume may be the actual position in regard to these taxes at the outset of federation, and not necessarily a permanent constitutional classification.

(*a*) *In British India.*

1. Taxes on personal income other than agricultural; death or succession duties other than duties in respect of succession to land; taxes on personal capital other than land; and taxes on mineral rights.

2. Terminal taxes on railway, water or air-borne goods and passengers, and taxes on railway tickets and goods freights.

3. Stamp duties on certain transactions (see paragraph 30 above).

* See paragraphs 96 and 100 above.

† We think that excises on all drugs, whether "dangerous" or other, should rest with the Units, including taxes on proprietary medicines and the like.

(*b*) *In the Federation as a whole.*

Taxes on the income or capital of corporations.

(ii) *Questions relating to the Taxes in List III.*

105. The above scheme of allocation need not affect the substance of our proposals either for the distribution of income-tax or for the assessment of provincial contributions. The only change in our proposals would be that the Federal Government would not retain the proceeds of the super-tax on companies, which would be assigned to the Provinces together with other taxes on income ; but the Federal Government would retain instead, as a general surcharge on all income-tax attributable to the Provinces (*i.e.*, tax other than that on federal officers and residents in Federal Areas), a sum of approximately the same amount. The yield which we have assumed for the super-tax on companies in paragraph 74 above is 2½ crores.

106. There are obvious defects in any system based upon the principle of taxation by one government for the benefit of other governments. If, however, that system is to be applied to income-tax in the interests of uniformity, the inclusion of the other items in list III appears to be either consequential or of slight comparative importance. It is possible that the existence of a federal right of surcharge may tend to make such a system work more smoothly, as giving the Federal Government a common interest with the Governments of the Units. We are clear, however, that if the Federal Government is to retain the right of legislation in the interests of uniformity, it must also retain responsibility for the laws which it passes. In this matter we are faced by a clear choice of policies. If uniformity is the main desideratum, the power of taxation can be left wholly with the Federal Government. If it is considered more important to place responsibility for raising revenue on the government which is to enjoy the proceeds, the power can be left wholly with the Governments of the Units. If a compromise be desired, the Governments of the Units, as well as the Federal Government, can be given power of surcharge on the standard rates, either by the constitution or by delegation from the Federal Government, and either in the form of a percentage on the standard rates or to the extent of any reduction in those rates which may be made by the Federal Government. What we feel cannot be done is to purchase uniformity at the price of inflexibility, by prohibiting the Federal Government from changing the rates except with the consent of a majority of the Governments of the Units, secured through some form of special constitutional procedure.

107. We have found considerable conflict of opinion as to the desirability of giving the Provinces a right of surcharge on the standard rates of income-tax. On the whole, we think that the Federal Legislature should have power to authorise the Units to impose a surcharge on any of the taxes in list III within such limits as it may think fit.

(iii) *Other Questions arising out of the proposed Allocation of Powers.*

108. To some extent the allocation of powers of taxation depends upon the allocation of other powers between the Federation and the Units. For instance, the power to establish monopolies cannot be regarded solely, or even

mainly, as a power of taxation, and it will be observed that we have been obliged to leave the classification of federal and other public enterprises open in our lists.

109. While, as already stated, we do not regard our lists as completely exhaustive, we feel that they are sufficiently comprehensive to reduce the problem of unspecified taxes to very small dimensions. We note the suggestion, made by the Peel Committee, that the right to levy such taxes should rest with the Units but that the Units should exercise this right only in so far as the taxes imposed do not conflict with the federal scheme of taxation. We feel that this suggestion might, in practice, create more doubts than it removes.

110. It will be necessary to include in the constitution some provision in regard to taxes classified as federal which, at the date of federation, are already being levied by one or more of the Units. This problem arises, no doubt, particularly in the States, but it exists also in British India ; for we do not see how some of the professional or " status " taxes levied in the Provinces for municipal purposes can be regarded otherwise than as taxes on income. Whatever special provision may be made in the constitution or otherwise to save the existing rights of the States, we think that the Federal Government should have power to provide by law, temporarily or permanently, that an existing tax imposed by a Unit shall not be invalidated by reason of the fact that it falls within the category of taxes reserved to the Federal Government. This will not, of course, meet the case of an existing tax of a kind prohibited altogether by the constitution. Apart from such taxes levied by States, we may mention the fact that there is at least one provincial tax—the municipal cotton cess in Bombay—which, being in effect a transit duty, appears in its present form to fall within this category.

VII.—Other Questions.

111. It remains for us to consider a number of other questions referred to us.

(i) *Emergency Contributions.*

112. We are asked to report on the principle of allocation to be adopted for the contributions which it is contemplated may be called for from the Units by the Federation in an emergency. Our task is not to define an " emergency " but it is, we think, essential that the expression should cover economic emergencies, such as the danger of a default on the public debt or a currency crisis, as well as political emergencies, such as internal disorder or war, and that the special procedure, if any, for declaring an emergency should be speedy in operation.

113. Three possible bases of allocation suggest themselves :— (1) the revenue of the Units ; (2) their population ; and (3) a formula based upon a scientific survey of their relative taxable capacity. The most satisfactory permanent provision would obviously be the third ; but in the absence of some such survey undertaken in connection with a general census of production, the first appears to be the best solution. The revenue of each Unit would have to be determined on a comparable basis, and such a basis might be laid down by the Auditor General. The application of this criterion would present no difficulty in the case of the Provinces. Any Units which are unable to present

returns to the Federal Government on the lines laid down by the Auditor General might be assessed on a population basis, the amount of the total contribution being divided for this purpose in proportion to population between these Units and those accepting the revenue basis.

(ii) *Grants from Federal Surpluses.*

114. The recommendation of paragraph 14 of the Peel Report is that, in the event of the Federal Government's ultimately finding " that Federal revenues yield an apparently permanent surplus ", it should " be free, as a possible alternative to the reduction of taxation, to allocate the surplus proceeds to the constituent Units ". It was thought desirable that " the constitution itself should lay down the proportions in which funds thus available should be divided among the Units ".

115. It is clear that the situation contemplated by the Peel Committee could not arise until any prescribed process of extinguishing Provincial or State contributions had been completed. If, thereafter, the Federal Government desired to make a general distribution of a part or the whole of any recurring surplus to the Units on some pre-determined basis, we suggest that, as the surplus would arise mainly from taxes on consumption, the distribution should be made on a population basis. It would, of course, be open to the Federal Government to distribute any part of such a surplus for specific purposes on any basis which might be determined by the Federal Legislature.

(iii) *Borrowing Powers.*

116. The Peel Committee expressed the view in paragraph 22 of their Report that " there must apparently be a constitutional right in a Province to raise loans in India upon the security of its own revenues ". We recognise the constitutional propriety of this proposition as well as the political arguments in favour of it, but we are bound to point out its implications. It appears to involve vesting a Province with independent power to pledge provincial revenues which, as stated in the same paragraph of the Peel Report, form part of the security for the whole corpus of the federal debt, and which, moreover, form the sole security for the loans made by the Federal Government to the Province itself. We attach particular importance to this latter point, for the obligations of the Provinces to the Provincial Loans Fund have been treated in our Report, as in previous discussions on this subject, as assets covering an equivalent part of the pre-federation debt. The right of the Federal Government to call for contributions from the Units in case of emergency may perhaps afford some guarantee of the general federal debt, as suggested by the Peel Committee, but it scarcely constitutes a sufficient guarantee of the debts owed by individual Provinces to the Federal Government itself. We feel, therefore, that it is difficult wholly to disregard the considered views of the Finance Department of the Government of India expressed in paragraph 42 (3) of the memorandum submitted to the last Session of the Round Table Conference.

117. From the purely financial point of view it would, of course, be desirable that, so long as the security for the pre-federation debt includes the revenues of the Provinces, the latter should only be allowed to borrow with the consent of the Federal Government; but if this limitation of provincial autonomy is regarded as politically inexpedient, we suggest that a middle

course, based on the distinction between the general debt of the Federal Government and loans made to the Units by the Federal Government, might provide a suitable compromise. We presume that all Units will have a general right to apply to the Federal Government, as the Provincial Governments now apply to the Government of India, for the loans they require, subject to the Federal Government's being satisfied that they are able to offer adequate security for such loans; and in that case the present Provincial Loans Fund will become a Federal Loans Fund. This being so, we suggest that the Government of every Federal Unit should have the right of independent borrowing recommended by the Peel Committee, subject to a general obligation to give the Federal Government notice of its intention and an opportunity to offer advice. We doubt whether the power of control, suggested by the Peel Committee, over the time at which a Unit may issue a loan, could be expressed in the constitution in any more definite form than this. If, however, a Federal Unit has loans outstanding with the Federal Government (whether or not such loans were raised before the date of federation), its right of independent borrowing should be regarded as in abeyance, and it should be obliged to obtain the consent of the Federal Government for any further loan which it desires to raise.

118. As regards the machinery required to carry out these principles, we think that preliminary consultation between the Units participating in the Federal Loans Fund will be desirable for the purpose of avoiding excessive and conflicting applications to the Federal Government for loans; and if an Inter-State Council be set up for the purpose of securing co-ordination in certain fields of administration, this body might usefully be employed for that object. Such a body, however, should not have the right to consider applications for loans on behalf of the Federal Government; still less could it be the authority for raising loans. It seems clear that only the Federal Government can have authority to raise or make loans. In raising loans, it will no doubt take such expert advice as may seem to it useful in the particular circumstances. In making loans to the Federal Units, however, we think it should be required to follow a definite procedure. All applications for such loans should be referred by it to a body of Loan Commissioners. This, we consider, should be an expert and impartial, not a representative body. Apart from other considerations, some Provincial Governments at any rate would certainly be unwilling that their applications should be considered by representatives of other Provinces, and State Governments may be expected to feel at least an equal reluctance. Applications from Units having loans outstanding from the Federal Loans Fund for consent to independent borrowing should also be referred to these Commissioners. The decision on all applications should, however, rest with the Federal Government itself, which should have full discretion to fix the terms of any loan it may grant to a Unit and to attach such conditions as it may think fit. It should also have the right to attach conditions to any consent it may give to independent borrowing by any Unit.

(iv) *Immunity of Federal Property.*

119. The Peel Committee agreed in principle to the proposition that no form of the taxation should be levied by any Unit of the Federation on the property of the Federal Government, but felt some difficulty as to the precise

form in which such an immunity could be expressed in the constitution. These, of course, are matters for a constitutional lawyer and as such hardly fall within our competence. We would observe, however, that no difficulty appears to have been experienced in other federations, as is shown, for example, by Article 125 of the British North America Act (1), Article 114 of the Commonwealth of Australia Act (2), and Article 10 of the Constitution of Brazil (3)*. This being the case, we doubt whether anything more is necessary than a general provision in the constitution, and we also doubt whether a distinction between provincial and municipal taxation, even if it were practicable, would be appropriate to a federal constitution. The exact application of the principle can, we think, be left to the judgment of the Federal Government itself. We suggest, therefore, that the wording of the constitutional clause should be on the following lines:—

> "No property belonging to the Federal Government shall be liable to taxation without the consent of that Government."

120. It will be observed that the clauses of other federal constitutions referred to above provide for a reciprocal exemption for the property both of the Federation and of its Units. If it is thought desirable to adopt the principle of reciprocity, the exemption in the case of the Units should, we think, be confined to land and buildings and should not confer, for instance, an immunity from customs duty on imported stores†.

VIII.—Concluding Note.

121. We may, perhaps be allowed to conclude with a word of general explanation. We have based our labours, as we were required to do, upon the Peel Report, and have kept in mind, throughout our enquiry, the restricted view of our functions advanced by the Federal Structure Committee of the Round Table Conference. These restrictions may not have materially affected our findings since, as we have pointed out, the whole problem of federal finance is in any case narrowly restricted by the facts of the situation. It remains true, however, that the assumptions from which we have started were not chosen by us, but laid down for us. We feel it is right to emphasise this, if only because some of us may be concerned, in one way or another, with future discussions on some of the issues arising in connection with our Report. We should like, therefore, to make it clear that our Report must not be read as committing, us individually to a particular view on any question of principle or policy, and that on any such question each of us retains complete liberty of action. Our

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* (1) British North America Act, Article 125:—

No Lands or Property belonging to Canada or any Province shall be liable to Taxation.

(2) Commonwealth of Australia Constitution Act, Article 114:—

A State shall not, without the consent of the Parliament of the Commonwealth, raise or maintain any naval or military force, or impose any tax on property of any kind belonging to the Commonwealth, nor shall the Commonwealth impose any tax on property of any kind belonging to a State.

(3) Constitution of the United States of Brazil, Article 10:—

The States are prohibited from taxing Federal property and revenues or services undertaken on account of the Union, and *vice versa*.

† This recommendation is not, of course, intended to effect the existing courtesy concessions which, we understand, are enjoyed by certain Rulers of Indian States.

Report merely embodies a considered judgment on the facts and figures which have formed the subject of our enquiry and on their application to a system of finance prescribed for us.

EUSTACE PERCY, *Chairman.*

L. J. KERSHAW.

A. HYDARI.

K. N. HAKSAR.

F. P. ROBINSON.

V. S. SUNDARAM.

K. SANJIVA ROW,

K. ANDERSON,

Secretaries.

NEW DELHI;

The 28th March, 1932.

APPENDIX I.

NOTES ON THE FEDERAL FORECAST.

(i) *Customs.*

General.—Each individual item of revenue under this major head has been scrutinised in the light of all relevant statistics and of the probable developments in the near future.

The maintenance of the existing tariff, omitting the emergency surcharges, has been assumed. The rates upon which our estimate is based are accordingly those laid down by the First Finance Act of 1931, except in regard to machinery, coal-tar dyes, raw cotton, and certain minor items, for all of which we have taken the rates of the Supplementary Finance Act of the same year. It has also been assumed, purely for the purpose of these calculations, that trade with Burma will be free, and that kerosene from Burma will pay the present rate of excise duty (2¼ as. per gallon) and not the present rate of customs duty (3 as. per gallon).

We recognise the possibility of reduction in, or the removal of, the duties on machinery, coal-tar dyes and raw cotton; and against this possibility we set off the possibility of customs duties being levied, either in full or at reduced rates, on trade with Burma.

We also understand that the Government of India are considering the possibility of establishing land customs stations on the Afghan and certain other external frontiers where customs duties are not now levied, and if this be done the additional yield would amount to a substantial sum. We have not, however, taken this into account, but have preferred to treat it as a margin of safety against over-estimating.

Sugar, Cotton Piece-goods and Iron and Steel.—The revenue under these three principal protected items is bound to fall substantially if the protective policy is successful, and we have made the necessary allowance for this after studying the facts relating to consumption and local production.

Motor and Allied Trades.—We have assumed that the same share of the revenue from petrol duty will be allocated to the Road Fund as at present.

It is unlikely that there will be the rapid expansion of revenue under this head which was forecasted in the Note of the Central Board of Revenue attached to the Government of India's Despatch on Reforms, and we have allowed only for a moderate increase. It is not improbable that the diversion of a larger proportion of the proceeds of these duties than at present to a programme of road development might, in the long run,—though not immediately—result in a substantial increase in revenue.

We should, perhaps, add that we have received some evidence suggesting that the present burden of taxation, especially taxation by local authorities in certain Provinces, is unduly severe, and that some co-ordination of policy is desirable if the growth of motor traffic is not to be impeded.

Silver.—There is some reason to believe that, with the changing habits of the people, the money spent on silver may be diverted to the purchase of other luxuries. We have, therefore, made a conservative estimate of revenue from this head.

Jute.—Under this head also we have made a conservative estimate and have adopted a figure well below what has been reached in the past.

(ii) *Salt.*

No account has been taken of the special protective duty on imported salt, which is distributed to the Provinces.

(iii) *Opium.*

The figure under this head assumes that, when exports cease, opium will be sold to Provincial Governments by the Ghazipur Factory at cost price. (The Centrally Administered Areas have been treated as "provincial" for the purpose of the statement.) The only net revenue, therefore, will be that from Burma, if, as has been assumed, supplies are sold to that country at the same price as to colonial and foreign Governments. There are other possible sources of revenue, such as medical opium, but these seem too small and speculative to be taken into account.

(iv) *Railways.*

In assuming a sum of five crores as a contribution from the Railways to general revenues, we have regarded it as axiomatic that the Federal Government cannot acquiesce in the Railways being less than self-supporting. Indeed, this principle has been recognised in certain suggestions which have been made to us. It has, for example, been suggested, on the one hand, that the Railways, instead of paying a contribution to general revenues, should themselves assume direct responsibility for the amortisation of that part of the public debt which represents capital at charge in the Railways. The sum of five crores which we have assumed as the Railway Contribution is rather less than the amount set aside each year in the central budget for this purpose. Alternatively, it has been suggested that, if the capital in the Railways is regarded as an investment, the Central Government is entitled to expect to receive, in the form of interest at a higher rate than the rate at which it borrows, a sum sufficient to provide not only for the interest which it has itself to pay, but also for the writing down of the capital invested as a reserve against obsolescence. If interest were charged at 5 per cent., the difference would materially exceed five crores. We do not wish to associate ourselves definitely with either of these suggestions, but, having regard to all the relevant factors, it seems clear that, unless the Railways contribute a sum of the order of five crores to federal revenues, they would be receiving what would in effect be a subsidy from those revenues, and from our examination of the material submitted to us, we believe that the Railways should be able, in fact, to provide a contribution of this magnitude.

(v) *Currency and Mint.*

The normal revenue under this head, whether derived directly from the profits of currency management or indirectly from a share in the profits of a Reserve Bank constituted in accordance with the scheme embodied in the Reserve Bank Bill of 1928, may be expected to be about 3·80 crores, and we have adopted this figure. In the three years immediately following the establishment of a Reserve Bank, however, there will be a temporary reduction in the Government's receipts, amounting in the aggregate to about four crores. In a forecast such as we are attempting it seems justifiable to ignore this temporary fluctuation and to regard the loss of four crores, spread over the three years, as part of the cost of establishing the Reserve Bank. A possible way of providing for this temporary loss of revenue would be to establish a reserve fund in the years preceding the establishment of the Bank.

(vi) *Miscellaneous Revenue.*

We have retained an entry for Reparations and on the other hand have made provision for expenditure on account of War Contribution.

(vii) *Taxes on Income.*

The estimate under this head is based on the revenue which might have been realised in an average pre-slump year if the rates imposed in March, 1931, had been in operation, an appropriate deduction being made on account of the separation of Burma. If full allowance were made for all the following factors, the net result would be an increase in the estimate :—

(*a*) The retention of the Rs. 1,000—2,000 zone of taxable income.

(*b*) Amendments of the law which have been under consideration, such as the taxation of foreign investments and the removal of the exemption from company super-tax now enjoyed by companies in respect of the first Rs. 50,000 of their income.

(*c*) Increased efficiency of collection.

(*d*) The decrease in revenue which would result if Government were to allow the carry-forward of business losses, relieve companies from super-tax on their income from investments in other companies, and allow the deduction of company super-tax in assessing the profits of companies to income-tax.

(viii) *Debt Services.*

(*a*) *Net Interest.*—This entry represents the total interest paid by Government on its borrowings less interest receipts from the various departments, Provinces, States and individuals to whom Government has lent money. It is assumed that no change will be

made in the arrangements governing the rate of interest charged to commercial departments ; that, on balance, net receipts from Provinces, States and individuals will also remain unchanged ; and, although this must necessarily be pure conjecture, that future long-term borrowing will be on a 6 per cent. basis.

(*b*) *Reduction and Avoidance of Debt.*—The calculation has been made on the assumption that no change is made in the scheme now in operation.

(ix) *Posts and Telegraphs.*

We have assumed that the Government of India will be successful in their declared policy of making this Department self-supporting.

(x) *Military Budget.*

Our estimate under this head is based on the 1932-33 budget figure, allowance being made for restoration of pay-cuts, resumption of normal building and stores programmes, and the separation of Burma. No provision has been made for non-recurrent expenditure on the completion of the special re-equipment programme, the cost of which would be about 3 crores.

(xi) *North-West Frontier Province Subvention.*

We have adopted unchanged the figure included in the 1932-33 Budget.

(xii) *Civil Works.*

This figure includes expenditure on the Road Fund, which is fed from the duty on motor spirit, and allows for the restoration of the normal level of maintenance expenditure.

APPENDIX II.

Allocation of Pension Charges.

(i) *Introductory.*

1. Among our terms of reference, we have been charged with the duty of investigating the allocation of civil pension charges between "Federal" and "Central". The relevant passages in paragraph 5 of the Report of Lord Peel's Committee are as follows:—

> ....."Central" expenditure, broadly speaking, will consist of three categories:—
>
> (1) .....
>
> (2) A share in pre-Federation obligations in respect of civil pensions.
>
> (3) .....
>
> As regards (2), the allocation of "Central" civil pension charges (not debited to the Provinces) between Federal and "Central" is a point which should be investigated by the Expert Committee. *There seems no reason why the Federation should not be charged in respect of the pensions of officers who were previously employed on duties which, in future, will fall within the scope of Federal activities, but there may be a case for making the balance a "Central," charge.*

2. It will be apparent from this extract that we are not concerned with military pensions (*i.e.*, the pensions included in the Army Budget), which the Peel Committee contemplated would in any case be a federal liability; nor need we have regard to the accrued pension liability in respect of serving officers, as the pensions of such officers can be suitably allocated when the officer retires.

3. The civil non-effective charges in the budget of the Central Government fall under two major heads, namely "Superannuation allowances and Pensions", and "Territorial and Political Pensions". The charges and receipts under each of these two heads during the year 1930-31 are tabulated and classified in the following statements.

TABLE A.

Account of Charges and Receipts in respect of Superannuation, Retired and Compassionate Allowances and Pensions during the year 1930-31—Central.

No.	Items.	Charges in		Receipts in		Net (charges—receipts).	Remarks.
		India.	England.	India.	England.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Rs.	£	Rs.	£	Rs.	
		I.—ORDINARY PENSIONS.					
1	*Superannuation and Retired allowances.	86,69,636	10,75,261	5,91,884	..		*Includes equated payments of commutations, gratuities and concessions to Indian Civil Service officers for past annuity contributions, and pensions, etc., on retirement of officers of the following classes:— India office and other Home Service. Superannuation. Compensation (on reduction of staff). Compassionate and Injury. Gratuities under the Superannuation Act, 1909. Judges of the High Courts in India. Bishops of Madras and Bombay. Indian Civil Service. Other Civil Services in India. Military and Marine officers in respect of civil employment. Bengal Pilot Service.
2	Compassionate allowances ..	1,66,276	9,430	..	..		
3	Pensions for distinguished and meritorious services.	16,898	1,839	..	..		
4	Donations to Provident Funds of non-pensionable officers.	1,29,024	..	..	..		
5	Covenanted Civil Service Pensions.	2,222	..	..	..		
	Total ordinary pensions ..	89,84,056	10,86,530 =Rs. 1,44,87,067	5,91,884	..	..	
		Rs. 2,34,71,123		Rs. 5,91,884		2,28,79,239	
	Less recovery from Commercial Departments.	..	..	..	..	—66,36,613	
					Net Rs.	1,62,42,626	

TABLE A—*contd.*

Account of Charges and Receipts in respect of Superannuation, Retired and Compassionate Allowances and Pensions during the year 1930-31—Central—contd.

No.	Items.	Charges in		Receipts in		Net (charges—receipts).	Remarks.
		India.	England.	India.	England.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Rs.	£	Rs.	£	Rs.	
		II.—FAMILY PENSIONS.					
		1. *Closed Funds—Military.*					
6	Military Fund	6,598	..	..	..		
7	Bengal Military Fund ..	..	73,462	..	353		
8	Madras Military Fund ..	..	96,002	..	225		
9	Bombay Military Fund ..	..	57,374	..	209		
10	Military Orphan Fund ..	24,723	..	1,36,997	..		
11	Bengal Military Orphan Society.	..	43,877	..	303		
12	Medical Retiring Fund ..	1,587	..	..	..		
13	Madras Medical Fund ..	361	17,540	..	..		
14	Marine Pension Fund ..	..	..	12,618	..		
15	Indian Navy Fund ..	..	6,399	..	1		
	Total Closed Funds—Military	33,269	294,654	1,49,615	1,091		
		=Rs. 39,28,720		=Rs. 14,547			
		Rs. 39,61,989		Rs. 1,64,162		37,97,827	

		2. Closed Funds—Civil.				
16	India Office Provident Fund	..	8,608	..	520	
17	Home Service	..	3,189	..	3,522	
18	Bengal, Madras and Bombay Civil Funds	20,208	209,499	..	175	
	Total Closed Funds—Civil ..	20,208	221,296 =Rs. 29,50,613	..	4,217 =Rs. 56,227	
		Rs. 29,70,821		Rs. 56,227		29,14,594
	Total Closed Funds—Military and Civil ..	Rs. 69,32,810		Rs. 2,20,389		67,12,421
		3. Open Funds.				
19	Indian Civil Service Family Pensions.	60,984	106,087	5,98,257	9,449	
20	Bengal Pilot Service Family Pensions.	..	3,652	..	..	
	Total Open Funds ..	60,984	109,739 =Rs. 14,63,186	5,98,257	9,449 =Rs. 1,25,987	
		Rs. 15,24,170		Rs. 7,24,244		7,99,926
	Total Family Pensions ..	Rs. 84,56,980		Rs. 9,44,633		75,12,347

TABLE V-A—*concld.*

Account of Charges and Receipts in respect of Superannuation, Retired and Compassionate Allowances and Pensions during the year 1930-31—Central—concld.

No.	Items.	Charges in		Receipts in		Net (charges—receipts).	Remarks.
		India.	England.	India.	England.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		Rs.	£	Rs.	£	Rs.	
21	Total Family and Ordinary Pensions.	Rs. 3,19,28,103		Rs. 15,36,517		2,37,54,973	
	Add—Miscellaneous items which include *inter alia* adjustments on account of Exchange and Refunds ..	Rs. 4,85,091		Rs. 69,189		4,15,902	
	GRAND TOTAL					2,41,70,875	

TABLE B.

Account of Territorial and Political Pensions for the year 1930-31.

	Amount paid in India. Rs.	in England £
1. Pensions to members of former Ruling Families ..	10,49,044	8,456
2. Miscellaneous Pensions	19,24,031	..
3. Charitable Allowances	67,746	..
Total ..	30,40,821	8,456
	=Rs.	1,12,745
Exchange	1,433	
Grand Total Rs. ..	31,54,999	
Receipts	*Nil.*	

4. The items in Table A have been divided into three groups, *viz.*, Ordinary Pensions, Closed Funds and Open Funds, and we now proceed to deal with each group in turn.

(ii) *Ordinary Pensions.*

5. Item 4 in Table A represents the amount adjusted annually to the credit of the provident funds of non-pensionable serving officers. It is, therefore, in a different category from non-effective payments in respect of past service and does not require to be analysed for the purpose of allocation between federal and central. On the other hand, items 1, 2, 3 and 5 in the same Table, which constitute what may be called the regular civil pension list of the Central Government, include pensions granted both in respect of service under the Central Government, and in respect of service under the Provincial Governments. The history of the matter is as follows:—

6. Prior to 1st April, 1921, the division of civil pension charges between the Government of India and the Provincial Governments was arbitrary, being based upon administrative convenience. All pensions drawn outside India, irrespective of whether the pensioner had served in a Province or directly under the Government of India, were finally debited to the Central Government. Pensions paid in India, irrespective of the Government under which the pensioner had served, were (subject to certain exceptions in the case of payments made in Calcutta City) borne by the Province in which the pensioner resided and drew the pension. The Meston Committee considered whether the incidence of these pension charges should not be readjusted so as to make each Government bear the pensions of its own servants, but recommended that, while in regard to future pensions (*i.e.*, pensions sanctioned on or after 1st April, 1921), each Government should bear the pensions of its servants, the apportionment of past pensions should not be disturbed, this fact being taken into account in the new financial settlement between the Provinces and the Central Government. The recommendation of the Meston Committee was accepted.

7. The Civil pensions now paid by the Government of India (Central Government) accordingly fall broadly speaking, into two separate categories:—

A.—*Pensions sanctioned on or after 1st April, 1921.*—These consist of the pensions of officers who had served wholly under the Central Government and the appropriate share (on the basis of length of service) of pensions of officers who had served for part of their service only under the Central Government; and

B.—*Pensions sanctioned before 1st April 1921.*—These consist of (*a*) pensions in course of payment outside India on 31st March 1921; (*b*) pensions in course of payment in Centrally Administered Areas on that date; and (*c*) pensions in course of payment in Calcutta City on that date in respect of service in certain Central Departments.

8. The above description of the two categories is not strictly accurate because the original allocation has been complicated by the adjustments which are made from time to time between Provincial Governments *inter se*, and with the Central Government, by the payment of commuted lump sums when a pensioner changes his residence (and consequently the place of payment of his pension) from the jurisdiction of one Government to that of another, or when a Government desires to pay off, once for all, its liability for a share in a joint pension. As a result of such adjustments, the present pension charges of the Central Government include certain provincial pensions in respect of which the Central Government has previously received the commuted value. On the other hand, certain central pension charges have been finally extinguished by the payment, in the past, of commuted values to Provincial Governments. The effect of these modifications will be considered later.

9. As regards pensions sanctioned on or after 1st April, 1921, there is little doubt that, with few exceptions, they relate to service rendered in departments which will in future be federal. The only important exception is the Income-tax Department which, from the point of view of pensions, is a very young department. It was formed gradually between the years 1921 and 1926, mostly with directly-recruited young men, although there was a small nucleus staff from the Land Revenue Departments of the Provinces. The pension charges already in existence on account of service in this Department must be quite small and they will presumably be so when the Federation is started. We are advised that the ascertainment of the exact share of existing pensions attributable to service in the Income-tax Department would involve the examination of a very large number of pension records throughout all the Provinces, and that it is more than probable that some of the necessary records may not be available. In the circumstances, and especially in view of the probable smallness of the figure, we have not thought it necessary to ask that this work should be undertaken at the present stage. We assume that, after the Federal Government is established, new pensions in respect of service rendered in this Department, whether before or after federation, will be a charge on income-tax collections. The other two exceptions relate to the Archæological and Zoological Survey Departments. As regards these, we assume that the pension liability will follow the liability for the effective cost of the Departments, which the Peel Committee contemplated would in fact be a federal charge even if no agreement were reached to federalise them, and that in these circumstances it is not necessary to attempt to estimate the pension charge, which must in any case be insignificant.

10. We are left with pensions sanctioned before 1st April 1921. These constitute the most important item, and it will be convenient to consider separately —

(1) pensions paid in India, and

(2) pensions paid outside India.

(1) *Pensions sanctioned before 1st April, 1921, and paid outside India.*

11. The expenditure in 1920-21 on the four most important items in this class (which accounted for 95 per cent. of the total) was £1,218,922 (Rs. 1,81 lakhs). We are informed by the High Commissioner that the corresponding charge in February, 1932, was £626,980 (Rs. 84 lakhs) per annum.

12. A large part of these pensions undoubtedly relates to service rendered under Provincial Governments; and in view of the magnitude of the sum involved, it is necessary to attempt to ascetain how much. The only accurate method of ascertaining the exact share debitable to Provincial Governments would be to examine the "history of services" of each of the pensioners, but even if the necessary records were forthcoming, this would be an inordinately heavy task. The next best criterion (for which there is

ample precedent) would probably be to apportion the pension charge in the ratio of the relative pay-bills for the Superior Civil Services of the Central and Provincial Governments in 1920-21 or, failing the above, the relative pay-bills for all establishments during 1920-21. Since, under the system of accounting adopted, the necessary information could only be obtained by a special analysis of the detailed accounts of the Government of India and the Provincial Governments kept by various Accountants General, we have not been able to adopt either of these methods. A rough estimate can, however, be made by taking the total expenditure in and about 1920-21 of Provincial Governments and of the Government of India on Departments (*viz.*, collection of revenue, civil administration, currency and mint and posts and telegraphs), in which the bulk of the expenditure is on salaries. Figures on this basis, which have been supplied to us by the Finance Department, suggest that about one-sixth of the 84 lakhs referred to above relates to service under the Central Government and the balance to service under Provincial Governments. One-sixth of the charge should accordingly be borne by the Federal Government, since it relates to services which will be federal, while the balance would be "Central".

13. It should be added that the sterling pensions have already run for about eleven years, so that their present value is estimated not to exceed Rs. 6 crores. The value will be still smaller by the time the Federation comes into being.

(2) *Pensions sanctioned before 1st April, 1921, and paid in India.*

14. A special investigation made on our behalf by the Accountant General, Central Revenues, shows that the pensions paid by him under this class amount to about Rs. 4½ lakhs per annum at the present date. The corresponding expenditure on his books during the year 1920-21 was just under Rs. 18 lakhs. The central pensions paid by other Accountants General in 1920-21 cannot readily be ascertained; but it appears that about 3 to 3½ lakhs were paid on this account in 1930-31. Having regard to the expectation of life in India and to the fact that those pensions have already run for eleven years, during which time the pensions paid by the Accountant General, Central Revenues, have fallen from Rs. 18 lakhs to Rs. 4½ lakhs, it may be assumed that this charge will practically disappear in the course of the next few years. There is no material available to us from which it might be possible to allocate these pensions, aggregating 7½ to 8 lakhs, with reference to the service of the pensioners. In any case, if such an allocation were attempted, it would be necessary to make a similar allocation of pensions paid out of provincial funds by other Accountants-General. On the following assumptions, *viz.*, (*a*) that the Central Government took over in 1921 a little over two-fifths in all of the total pensions then in existence, (*b*) that the true share of the Central Government ought to have been between one-sixth and one-seventh of the whole, and (*c*) that pensions paid in India as a whole are dying out at the same rate as the pensions on the books of the Accountant General, Central Revenues, a rough calculation shows that the amount of the pensions now paid by the Central Government in India differs from the proper figure by a few lakhs. In the circumstances, a detailed investigation appears to be unnecesary.

15. There remain the pensions now paid by the Central Government which were originally paid by a Provincial Government. Detailed figures of inter-governmental adjustments of commuted values (which take place frequently) are not available; but the Central Government, having received the commuted value of the pension from the Provincial Government and *vice versa*, the residual pension liability is in reality a debt liability, and as such would naturally be federal. If this is not sufficient to settle the matter, it is almost certain that, as a result of commutation, more Central Government pensions have become a provincial liability than *vice versa*.

16. Taking all these facts into account, it does not seem unreasonable to assume a figure of the order of 70 lakhs as the approximate "central" liability at the present time in respect of ordinary pensions awarded before 1st April 1921.

(iii) Family Fund Pensions.

(a) Closed Funds.

17. A brief account of the funds falling under this class is given below :—

No.	Name of fund.	Started in	Net expenditure in 1930-31.	Remarks.
		Military.	Rs.	
1	Military Fund ..	1770	6,598	Designed for payment of pensions to officers and men in the military service of the East India Company and to their widows.
2	Bengal, Madras and Bombay Military funds.	Early in the 19th Century. Taken over by Government in 1866.	30,14,012	Family pension funds for military officers.
3	Military Orphan Fund	....	—1,12,274	..
4	Bengal Military Orphan Society.	1856. Taken over by Government, 1866.	5,80,987	..
5	Medical Retiring Fund.	....	1,587	..
6	Madras Medical Fund	Early in 19th Century. Taken over by Government, 1866.	2,34,228	..
7	Marine Pension Fund	....	—12,618	..
8	Indian Navy Fund	....	85,307	..
		Civil.		
1	India Office Provident Fund.	1877	1,07,840	To provide pensions to widows and orphans of persons on the home establishment of the Secretary of State and of the Auditor of Home Accounts.
2	Home Service ..	....	—4,440	Pensions of widows and families of officers of the Home Service, from funds (established by the East India Company) to which the officers subscribed.
3	Bengal, Madras and Bombay Civil Funds.	Early 19th Century	28,11,194	Initially purely charitable concerns, they developed into mutual insurance associations under the management of trustees. They received aid from the Company and later on from Government.

These funds, broadly speaking, were mutual insurance funds, the pensions being paid out of subscriptions by officers, supplemented, in some cases, by subventions from Government. Most of the funds were closed to new entrants many years ago, and have been merged in the Government revenue accounts, Government taking over both the assets and the liabilities. Of the total expenditure in 1930-31 of Rs. 67,12,421, considerably more than half, namely Rs. 37,97,827, related to officers in the Army and the Royal Indian Marine, both of which will, in future, be federal services. In so far, therefore, as the present payments are in part covered by the assets taken over, the liability might be regarded as a debt liability; and, in so far as they are not so covered, the liability is still federal, because the Army and the Royal Indian Marine are to be federal subjects.

18. As regards the balance, practically the whole of the expenditure relates to the Bengal, Madras and Bombay Civil Funds. The assets of these funds were merged in the resources of Government, and to the extent to which these assets covered the liabilities, the future payments, as in the case of the funds dealt with in the preceding paragraph, could be regarded as a debt liability. The balance, if any, of the liability is theoretically "central". The gross payments on account of the funds were, in round figures, £266,000 in 1910-11; £253,000 in 1920-21; and £209,000 in 1930-31. The funds were closed to new entrants in the eighties of the last century; and the payments may therefore be expected to continue so long as children of officers who entered the service at that time are living. There is little doubt, however, that the reduction in the expenditure in future will be more rapid than in the past, and, in any case, the present value of the liabilities is not likely to exceed a few crores.

(b) Open Funds.

19. There are only two funds in this class, *viz.*, the Bengal Pilot Service, and the Indian Civil Service Family Pension Funds. Since pilotage will presumably be a federal subject, at least so far as the Bengal Pilot Service is concerned, it is immaterial whether the receipts and expenditure on account of this fund continue to be included in the Government revenue accounts or whether a separate fund is formed for the purpose. In any case, a separate *pro forma* account is now maintained for the pilotage service and the fees are fixed so as to cover expenses. In that account, provision is made for these family pensions so that the cost of the pensions is recovered from the users of the service.

20. The Indian Civil Service Family Pension Fund, on the other hand, presents difficulties. The receipts and expenditure are incorporated as an integral part of the revenue accounts of Government, but there is a periodical actuarial investigation of the assets and liabilities on the hypothesis that all contributions had been paid to a fund, earning interest. A *pro forma* account exists, showing the amount of Government's liability to the hypothetical fund on this basis; and, in the light of the actuarial investigations, subscriptions and concessions are altered from time to time. In addition to the pensions earned by the members' contributions, Government pays additional benefits, limited in the aggregate to £35,000 a year. This limit has never been reached and Government's liability under this provision is now about £12,500 per annum. We are informed that it is already in the contemplation of the Government of India to distribute among Provincial Governments their share of this charge of £12,500. Any remaining liability will only relate to officers employed on duties which in future will be federal (with the exception of the income-tax and other minor services referred to in paragraph 9 above). In addition to the above concession, the Government of India makes good to the fund the loss due to the concessions given to officers who retire on proportionate pensions. The amount so met, up to 31st March 1928, was about £15,000, of which the greater share will presumably be debitable to the Provinces.

21. The Government's *pro forma* capital liability to the Indian Civil Service Family Pension Fund has been estimated at £3,750,000 on 31st March 1931. Under the present arrangement this liability does not appear anywhere in the Government accounts, and consequently the latter do not show any adjustments on account of interest on these balances. It would seem that, for the present purpose, the proper method of dealing with this class of pension is to assume that the receipts and payments are removed from the revenue accounts and that a true interest-bearing fund is constituted out of which all payments are made. The matter then passes from the realm of pensions to the realm of debt. A *pro forma* liability for the capital charge was, in fact, included in the statement of debt submitted to the

Committee by the Finance Department. If this suggestion is adopted, it is not essential to assume that in future the interest on the balance of the fund will, in fact, be debited in the revenue accounts of Government every year. So long as subscriptions and concessions are altered from time to time in the light of actuarial investigation, which assumes payment of interest by Government on the balance of the fund, it is immaterial to the Government revenue account, in the long run, whether the receipts and expenditure of the fund are passed through this account or whether these items are excluded and interest alone is paid on the balance of the fund. In the immediate future, however, in view of the fact that the "peak" figure of pensions has not yet been reached, the result of eliminating the transactions of the fund from the revenue account would be to add about Rs. 17 lakhs a year to the net expenditure of Government as shown below :—

	Rs. Lakhs.
Receipts in 1930-31	7·10
Expenditure (including additional pensions paid by Government) ..	14·72
Net expenditure ..	7·62

If a separate fund were formed and interest adjusted, the interest (at 5 per cent.—the present rate allowed to the contributors— on £3¾ million) would be, say, 25 lakhs, so that the net effect of the change on the revenue budget would be a loss of about 17¼ lakhs. This deterioration in the budget position is due to the fact that, at present, the net outgoings are less than the interest on the capital value of the fund. It will be off-set in later years, for if the present system continues the net expenditure of Government will ultimately exceed the interest payable on the balance of the fund. In either alternative, as already stated, the bulk of the additional pensions given by Government and of the loss made good to the fund on account of officers retiring on proportionate pensions would be debitable to Provincial Governments, relieving the central budget of about Rs. 1·5 lakhs (maximum about Rs. 4·25 lakhs) on account of the additional pensions, and of a varying figure on account of the loss due to officers retiring on proportionate pensions. The balance of these items would, of course, be a proper federal charge.

22. It only remains to deal with Territorial and Political Pensions (see Table B above). It is stated in the Finance and Revenue Accounts that the items recorded under this head are pensions and charitable allowances granted, for reasons of state, to members of former ruling families and to non-officials whose services, descent or connection are such that, on general grounds of policy, it is desirable for Government to extend to them some measure of assistance or recognition. These pensions, therefore, are essentially of the nature of political expenditure and would presumably be a federal charge.

23. All the above calculations are theoretically subject to adjustment if Burma is separated. According to Sir Henry Howard, 5·055 per cent. of the civil pension charges of the Government of India should be debited to Burma ; while according to Mr. Nixon, 10·5 per cent. should be so debited. The difference in the amount of the ultimate "Central" charge is therefore immaterial.

APPENDIX III.

Distribution of Income-tax.

1. We have taken "personal" income to include all income except the undistributed profits of companies and the income of persons residing outside British India. That is, it includes the "total income" (including income taxed at source like dividends of companies and profits of firms) of all individuals and Hindu undivided families, and such part of the incomes of firms and of associations, not being firms, companies or Hindu undivided families, as are not assessed in the hands of partners and members.

2. The published statistics of the Income-tax Department deal primarily with figures of assessed income without completely distinguishing between "personal" income and other income. The Central Board of Revenue has obtained, during the last few years, certain figures of "personal" income in each Province; but those, too, are not complete enough for our purpose, inasmuch as they refer only to *formally* assessed incomes of individuals and Hindu undivided families and exclude, not only incomes not formally assessed, but also the entire incomes of unregistered firms and certain associations, some of which should be included under "personal" income. Further, these statistics do not show the extent to which salaries of officers of departments which will be federal in future have been included in the provincial figures.

3. We have been advised that it was not possible for the Income-tax Department to furnish, within the short time available, accurate figures on the basis required by us. In the circumstances, the Table given below has been compiled according to the best estimate we can make on the basis of the existing statistics. The Table, therefore, must not be taken as exactly representing the percentages due to each Province; and it is necessary, as pointed out in the body of the Report, that the figures should be reviewed in the light of more complete and up-to-date statistics before any distribution of income-tax is actually made to the Provinces.

TABLE C.

Distribution of Income-tax.

Province.	Percentages.				Rupees (in lakhs).			Remarks.
	Population.	Total personal income.	Personal income-tax including tax on federal salaries.	Personal income-tax without tax on federal salaries.	Collections, income-tax, including tax on federal salaries.	Collections, personal super-tax.	Collections, company super-tax.*	
1	2	3	4	5	6	7	8	9
Madras	18·32	15·00	14·54	14·81	126·0	7	7·4	* The double income-tax relief given to companies has been wholly shown under Column 8 in order to simplify calculations.
Bombay (including Sind) ..	8·70	27·25	27·84	28·30	271·0	50	39·25	
Bengal	19·64	24·25	26·18	26·68	352·0	110	93·7	
United Provinces	18·98	9·00	8·86	8·50	72·0	8	3·63	
Punjab	9·24	9·50	8·17	7·48	61·5	2	2·17	
Bihar and Orissa	14·73	5·75	6·37	6·60	41·5	18	·22	
Central Provinces	6·06	4·75	4·57	4·70	36·5	3	1·19	
Assam	3·38	2·50	2·22	2·20	34·0	1	·93	
North-West Frontier Province ..	·95	2·00	1·25	·73	9·0	1	..	

Column 2 based on 1931 census ; Columns 3, 4 and 5 on the average figures of the five years 1926-27 to 1930-31 ; and Columns 6, 7 and 8 on the figures of the six years 1925-26 to 1930-31 (adjusted in the case of Column 7 with reference to figures of earlier years).

APPENDIX IV.

Sources of Revenue Reserved to the Units.*

1. Revenue from the public domain, including lands, buildings, mines, forests, fisheries and any other real property belonging to the Units.

2. Revenue from public enterprises such as irrigation, electric power and water supply, markets, slaughter houses, drainage, tolls and ferries, and other undertakings of the Units.

3. Profits from banking and investments, loans and advances and State lotteries.

4. Fines and penalties arising in respect of subjects administered by the Governments of the Units.

5. Fees levied in the course of discharging the functions exercised by the Governments of the Units and local authorities, such as court-fees, including all fees for judicial or quasi-judicial processes, local rates and dues, fees for the registration of vehicles, licences to possess fire-arms and to drive automobiles, licensing of common carriers, fees for the registration of births, deaths and marriages, and of documents.

6. Capitation taxes other than taxes on immigrants.

7. Taxes on land, including death or succession duties in respect of succession to land.

8. Taxes on personal property and circumstance, such as taxes on houses, animals, hearths, windows, vehicles, chaukidari taxes; sumptuary taxes; and taxes on trades, professions and callings.

9. Taxes on employment, such as taxes on menials and domestic servants.

10. Excises on alcoholic liquors, narcotics (other than tobacco) and drugs, and taxes on consumption not otherwise provided for, such as cesses on the entry of goods into a local area, taxes on the sale of commodities and on turnover, and taxes on advertisements.

11. Taxes on agricultural incomes.

12. Stamp duties other than those provided for in List III.

13. Taxes on entertainments and amusements, betting, gambling and private lotteries.

14. Any other receipts accruing in respect of subjects administered by the Units.

15. Also, in the case of the States, any sources of revenue not specified above but referred to in paragraph 103 of Section VI of the Report.

* This list of revenues includes those both of the Governments of the Units and of all local authorities subordinate to them.

MCIRO—2,500—19.4.32—GIPS

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SIND CONFERENCE

1932

REPORT

by

The Hon'ble Mr. A. F. L. BRAYNE, C.I.E., I.C.S., Chairman,
Sind Conference.

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Terms of Reference.

The purpose of the Conference is to try to overcome the difficulties disclosed by the report of the expert financial investigation made by the Irving Committee in 1931.

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Report by the Chairman.

CHAPTER I.

Introductory.

1. The origin of the Sind Conference lies in the report of Sub-Committee No. IX (Sind) of the Indian Round Table Conference which recommended that an expert Committee in India should examine carefully the probable revenue and expenditure of a separated Sind and the security of the debt on the Sukkur Barrage and that, if the investigation showed that separation would leave the new Province with a deficit, the representatives of Sind should be asked to show satisfactorily how the deficit would be met before the new Province is set up. The first stage was completed when the Sind Financial Enquiry Committee signed their report in September 1931 after an enquiry lasting from July 13th. This report sought to show that a separated Sind would enter upon its new career with an initial deficit of Rs. 110·42 lakhs. On the 1st of December 1931 in his statement made at the close of the second session of the Round Table Conference the Prime Minister said—

> "His Majesty's Government also accept in principle the proposition, which was endorsed at the last Conference, that Sind should be constituted a separate province, if satisfactory means of financing it can be found. We therefore intend to ask the Government of India to arrange for a conference with the representatives of Sind for the purpose of trying to overcome the difficulties disclosed by the report of the expert financial investigation which has just been completed."

The second stage was entered upon when the present Conference was constituted by the Government of India in orders which set forth the purpose and scope of the enquiry:—"The Sind Conference is being set up in accordance with the undertaking given by the Prime Minister in the course of his statement to the Round Table Conference at the close of its second session on the 1st December of last year. His Majesty's Government have accepted in principle the proposition that Sind should be constituted a separate province if satisfactory means of financing it can be found. The purpose of the Conference is to try to overcome the difficulties disclosed by the report of the expert financial investigation made by the Irving Committee last summer. The Chairman, having met the representatives of Sind, will report the results of the Conference to the Government of India."

2. The Conference opened at Karachi on 25th April 1932 and carried on an intensive study of its subject until the 17th May. At the outset the question arose whether the amount of the deficit as disclosed by the expert enquiry would be open to investigation or whether the Conference must accept the figures there given and proceed at once to the examination of measures for overcoming the difficulty of the deficit. As the task of the Conference was to deal with conclusions which were based upon inferences from certain data and

upon certain methods of distribution and allocation, as to the correctness of which some considerable doubts evidently existed, it was clearly right that it should be open to the representatives of Sind to examine the figures and express their opinions without necessarily going over in detail the whole ground already traversed by the expert Committee. Thus the first few days were devoted to a full and frank discussion of the conclusions of and the methods adopted by the expert Committee in arriving at the deficit. This discussion not only enabled the Conference to realise clearly and comprehensively the difficulties of its task but also served a most useful purpose in removing some misapprehensions on points of detail.

3. The Conference was faced with certain difficulties at the outset. The first was that Sind had no separate budget and accounts of its own and, as the expert Committee made clear, the figures of actual revenue and expenditure have had to be built up by an elaborate and intricate process mainly from the transactions of Sind treasuries. The Accountant General, Bombay, furnished the Conference with a further year's figures of actual expenditure and revenue (Appendix A) which supplemented the figures for the three years 1927-28 to 1929-30 adopted by the Committee. The same methods, however, could not be applied to evolve revised estimates for Sind for 1931-32 and a budget for 1932-33 which would have been of great use during the enquiry, particularly in view of the present abnormal conditions. The Conference has therefore had to depend upon such incomplete information as was available. The second difficulty is one common to all whose lot it is to attempt to frame financial estimates in the present time of severe economic crisis when all ordinary methods are thrown out of gear and there exists but little certain guidance for the future. This difficulty is particularly felt when an attempt is made to estimate the future position of an immense scheme such as the Lloyd Barrage, the financial results of which have so important a bearing on the future of Sind. The third difficulty was perhaps inherent in the constitution of the Conference. The majority of the twelve non-official representatives of Sind were definitely anxious for separation, a minority were strongly opposed to any change and two members expressed neutrality. The Hindu members, who were opposed to the principle of separation, expressed the view that a decision on that principle had been reached at the Round Table Conference in the absence of any Hindu representative of Sind and that the real meaning of the conclusion of the Sind Sub-Committee lay in the statement of its Chairman that if Sind cannot show that it can stand successfully on its own legs, the separation does not take place.* The Prime Minister's statement, they feared, would be interpreted as going beyond this. It was perhaps only natural that, in regard to financial questions into which a considerable range of estimate and conjecture enters, contrary points of approach should lead to differences of opinion, which, however amicably expressed, are difficult to reconcile. I therefore regard it as incumbent upon me to set out briefly and impartially the more important questions on which differences of opinion have been disclosed and to endeavour to indicate where, in my humble opinion, a possible solution may lie. A first draft of this report was discussed by the Conference but it was made clear that it would be subject to amplification and revision.

* Page 87, Volume IX of proceedings of Sub-Committees of the Indian Round Table Conference.

CHAPTER II.

Revised Estimates of Deficit.

4. The results of the discussion on the deficit will be set out in the order adopted by the expert Committee in arriving at their basic figures.

Estimates of Revenue.

The expert Committee have adopted in paragraph 36 of their report a total of Rs. 182·42 lakhs as the basic figure for the first year of separation which is taken as from 1st April 1933. Land Revenue accounts for Rs. 102 lakhs out of this total and, together with revenue from Excise, Stamps and Forests, makes up nearly Rs. 162 lakhs, the balance of Rs. 20½ lakhs being spread over the 17 remaining heads.

(*a*) *Land Revenue.*—In respect of Land Revenue it was contended by the Moslem representatives that the expert Committee had worked on an average of three years two of which were, as they admitted, years of floods with heavy remissions and suspensions. The later years are affected by heavy remissions on account of the fall in prices which amount to as much as Rs. 39 lakhs in the revenue year 1930-31 (August—July). It was unfair in their opinion to base the estimate for 1933-34 on such abnormal conditions as it is a reasonable assumption that general conditions and prices will improve and, having regard to the increasing land revenue demand and the growth of cultivation, the average of the ten years from 1921-22 would be a safe and moderate figure. They therefore contended that the basic figure should be raised to at least Rs. 109 lakhs. On the other hand, the view was expressed that prices showed no sign, as yet, of any improvement and that the expert Committee themselves had held that, on the basis of prices as they stood then, it would not be safe to budget for more than Rs. 90 lakhs for 1933-34. Reference was made to the heavy remissions of land revenue which had been recently given on account of the severe fall in the price of agricultural commodities. Opinion varied from adherence to the Committee's figure of Rs. 102 lakhs to a minimum estimate of Rs. 92 lakhs given by Professor Chablani.

(*b*) *Excise.*—The Moslem representatives consider that the average of the three years taken by the Committee, *i.e.* Rs. 37·5 lakhs, should be adopted and they base their conclusion on their expectation of an early improvement in prices and general social conditions. They contend that the effect of the prohibition policy is dying down and that the recent abnormal condition of unrest and its resultant picketting should now be discounted. A majority of the Conference were prepared to maintain and develop excise revenue, as far as this could be done without injury to the cause of temperance, and were not in favour of the recent policy which, they considered, resulted only in useless sacrifice of revenue and an increase of illicit distillation. Of the remainder, some supported the figure of Rs. 33 lakhs adopted by the expert Com-

mittee but Professor Chablani bases his estimate of Rs. 25 lakhs for 1933-34 on the more recent figures which give collections of Rs. 25·6 lakhs for 1930-31, Rs. 25 lakhs for the revised estimates of 1931-32 Rs. 28 lakhs for the budget of 1932-33. His estimate, here as in the case of Land Revenue, assumes that there will be no early recovery from the present slump which has severely diminished the purchasing power of the people, particularly in respect of non-essentials.

(*c*) *Stamps.*—The majority accept the Committee's basic figure of Rs. 20·30 lakhs with the addition of some amount for recent taxation, Sind's share of which is not yet estimated. Professor Chablani would adopt Rs. 17·5 lakhs including Sind's share (Rs. 1·4 lakhs) of the assignment to Bombay on account of postage stamps used for revenue purposes. He points out that the average of the three years, including the budget of 1932-33, amounts to about Rs. 18 lakhs.

(*d*) *Forests.*—The Conference adopted the expert Committee's figure of Rs. 6·6 lakhs. Professor Chablani however contended that the actual receipts of 1930-31, Rs. 5·6 lakhs, should be taken for 1933-34.

(*e*) Under other heads of revenue amounting in total to about Rs. 20½ lakhs the majority were in favour of the basic figures. The actuals for 1930-31 indicate a worseness of Rs. 2 lakhs which, in Professor Chablani's opinion, will be maintained in 1933-34. The total improvement on the basic figures for revenue of 1933-34 anticipated by the Moslem representatives amounts to 11·5 lakhs at least. In this estimate they would appear to follow the assumption of the Federal Finance Committee in paragraph 6 of their Report as regards the general economic situation that " the present depression will come to an end and that there will follow a period of reviving trade accompanied by a gradual increase of prices which, if they do not reach the pre-slump level, will rise appreciably higher than the level now prevailing ". They however assume a material recovery at a date two years earlier than the Committee whose words have been quoted. The most pessimistic estimate is that framed by Professor Chablani who expects the slump to be maintained for a considerable time to come and whose estimate of revenue amounts to Rs. 24 lakhs less than that adopted by the expert Committee.

5. *Estimates of expenditure.*—The Conference accepted the suggestion that it was incorrect to take the average of expenditure over three years as a guide because expenditure of which a large part is on account of establishments tends to grow under an incremental system of pay. They would generally adopt for present purposes the actuals of 1930-31 which amount to Rs. 2·3 lakhs more than the corresponding figure assumed by the expert Committee. To the figure thus obtained must be added the additions amounting to Rs. 10·8 lakhs shown on page 6 of the expert Report *i.e.*, expenditure in England, etc., except that certain members question the need for provision of more than about Rs. 8 lakhs on this account. Provision for pensions, Rs. 16·5 lakhs,

and Interest and reduction of debt, Rs. 31·1 lakhs, is also included by the Committee in their total estimate of Rs. 279·8 lakhs. In regard to pensions the estimate of the Committee is for an annual charge of Rs. 16·5 lakhs rising to about Rs. 23 lakhs after the thirtieth year. This is based on elaborate calculations detailed on pages 74 to 79 of the expert Committee's report, and includes repayment of debt to Bombay on account of pensions paid elsewhere than in Sind to be disbursed in the first instance by the Government of Bombay. Certain data examined by me indicate that the proposed charge is probably much higher than Sind would bear if she were to assume responsibility for all pension charges debitable to her, including a share of pensions partly earned by service in Sind. For example the present total pension bill for India as a whole for civil establishment is Rs. 7 crores. The corresponding pensionable pay bill is Rs. 57 crores *i.e.*, the present pension bill is about 1/8th of the present pay bill. On this analogy, as the present pensionable establishment in Sind has been calculated by the expert Committee to cost less than Rs. 80 lakhs, the pension bill should not exceed about Rs. 10 lakhs. Again pensions to be paid from Sind treasuries in 1933-34 may be taken at about Rs. 9 lakhs on the basis of the expert Committee's calculations. There are no separate figures for Sind pensions payable outside Sind. It is found however that the cost of pensionary charges paid in England for the Bombay Presidency as a whole is about one-fourth of the pensionary charges paid in India. On this proportion the Sind share of English pensions should be about Rs. 2¼ lakhs and the total pension bill about Rs. 11¼ lakhs. Therefore the pension liability of Sind should not exceed Rs. 10—11 lakhs on these two analogies instead of Rs. 16·5 lakhs as proposed. The system proposed by the expert Committee evidently requires further actuarial examination. The majority of the Conference is however of opinion that it would be a fair allocation of the liability that Sind on separation, should bear only the cost of pensions paid in Sind and her share of pensions sanctioned thereafter for services rendered wholly or partly in Sind, in the same manner as at present adopted for sharing pensions between the Central and Provincial Governments. This method of allocation would follow that recommended by the North-West Frontier Province Committee, and is analogous to that adopted on the introduction of the reforms in 1921. Bombay would bear the full but diminishing liability for pensions already paid outside Sind. The relief to Sind would, it is estimated, actually be about Rs. 2¼ lakhs annually at the beginning and would gradually disappear. The justification is that Bombay could afford some return for her relief from the present burden of a deficit Sind. Compared with the expert Committee's charge of Rs. 16·5 lakhs for pensions, the charges to Sind on separation, would on this basis be reduced to about Rs. 9 lakhs.

6. As regards the proposals of the Irving Committee for allocation of the existing debt between Bombay and Sind, a majority of representatives favoured the proposal that the accumulated interest on the Barrage Debt during the period of construction, amounting to about Rs. 4 crores net, should not be added in full to the total Barrage Debt on the date of separation but should be divided between Bombay and Sind in the proportion of 85 and 15 per cent which is the proportion in which, according to the expert Committee, they at present contribute to the revenues of the partnership and the proportion proposed by that Committee for the division of the debt incurred during the last

and current years to finance the annual deficit. The justification for this adjustment, which would give considerable relief to Sind, is that, in the case of the Barrage, a departure has been made from ordinary procedure in allowing the accumulated interest to be added to the capital debt. Under the normal procedure the interest would have been met annually from the joint purse of Sind and Bombay to which they may be assumed to have contributed in the proportion indicated above. The interest on some irrigation schemes and on the Bombay Development scheme has been met in this way so that Sind has borne her share of these payments. It seemed therefore only equitable that Sind should not find herself burdened at the outset of separation with the whole amount of accumulated interest on the Barrage merely because a special procedure was adopted. Had the interest been met in the ordinary way from current revenues as it fell due, then the transactions would have been closed for the reasons given in paragraph 32 of the Irving Committee's Report. As an alternative, it was proposed that the whole debt, including that on the Barrage, should be distributed between Sind and Bombay on the basis of their contributions to the common revenues though the assets should be distributed on a geographical basis. It seems unnecessary to repeat the objections to this course which have been fully set forth in the Irving Committee's report. If a division of debt on this basis were adopted it would only be fair that Bombay should share proportionately in any net returns from the Barrage and, in that case, real separation would be impossible. Further the proposal would result in the imposition upon Bombay of an interest charge of more than a crore and this would merely mean a subvention in a particular form. Another proposal was to the effect that Sind should be relieved of the interest on pre-reform irrigation debt and on all unproductive debt which would mean a relief to the extent of some Rs. 20 lakhs. It was recognised by the Conference that all these alternatives to a purely geographical distribution of the assets and liabilities would ultimately amount to subvention in a particular form, and would affect the ultimate arrangement of federal finances, but the majority considered that the arrangement proposed as regards distribution of the accumulated interest on the Barrage Debt during construction was justified on its merits, and should be adopted for purposes of working out the general results of the Conference's deliberations. It also appears that, with a repayment scheme based on 50 years from the date of separation, the charges in respect of the non-barrage debt of Rs. 554·41 lakhs adopted by the Irving Committee would be reduced from Rs. 31·09 to Rs. 27 lakhs.

7. The general result of the examination of the basic figures adopted by the Irving Committee for the purpose of arriving at the figure of initial deficit is as follows:—

Highest estimate of deficit.

(*a*) Expenditure to be increased by Rs. 2·3 lakhs owing to adoption of 1930-31 actuals.	
(*b*) Revenue to be reduced by Rs. 24 lakhs	26·3
Expert Committee's estimate	97·4
	123·7

Lowest estimate of deficit.

(*a*) Expenditure to be reduced by Rs. 7·5 lakhs under pension charges.

(The increase of Rs. 2·3 lakhs owing to adoption of 1930-31 actuals being practically counterbalanced by a proposed decrease in the special addition of Rs. 10·80 lakhs *vide* paragraph 5.)

(*b*) Revenue to be increased by Rs. 11·5 lakhs	19
Expert Committee's figure	97·4
	78·4

The comparison would then be as follows:—

	Irving Committee.	Highest estimate.	Lowest estimate.
Expenditure	279·82	282·12	272·32
Revenue	182·42	158·42	193·92
Deficit	97·4	123·7	78·4

My suggestions are as follows :—

As we are dealing with the figures of probable revenue and expenditure on 1st April 1933, we cannot adopt the optimistic expectation of the Federal Finance Committee of a very considerable improvement in the position, for that Committee had in view a date two years later. One alternative estimate shown above improves the revenue position by Rs. 11·5 lakhs but this is probably more than can be expected a few months hence, when it is remembered that the actual receipts in 1930-31 amounted to Rs. 167 lakhs only as against a basic figure of Rs. 182·42 lakhs assumed by the Irving Committee. The other estimate of revenue appears however to be unduly pessimistic. On a review of the figures and allowing for some improvement in the revenue position of 1930-31, particularly under Land Revenue and Excise, I would suggest the following as a reasonable figure :—(*Vide* Appendix A.)

Expenditure (including additions of Rs. 10·8 lakhs) based on 1930-31 on all heads except the following	232·50
Famine Relief	2·05
Pensions	9·00
Interest and Reduction of debt	27·00
	270·55
Revenue	177·00
Deficit	93·55

8. We have, however, to take account of new revenue arising from recent Finance Acts and of the results of retrenchment in expenditure carried into effect since 1930-31. The Conference were informed that Sind's share of the former might be put at about Rs. 2 lakhs and a list of retrenchments, so far as available in the Commissioner's office, amounted to Rs. 12·5 lakhs permanent, and about Rs. 6·43 lakhs from the temporary 10 per cent. cut in pay which obviously cannot be taken into account here (See Appendix B.)

Some representatives held that the existing cuts in beneficent services could not be regarded as permanent and that only about Rs. 7 lakhs should be taken into account from retrenchment. On this basis the initial deficit at this stage may be taken to be as follows :—

	Irving Report.	Highest estimate.	Lowest estimate.	Chairman's estimate.
Deficit	97·40	123·7	78·4	93·55
Additional Revenue ..	2	2	2	2
Retrenchments	12	7	12	12
Net deficit	83·4	114·7	64·4	79·55

These figures will be further affected by the addition of the cost of separation and the deduction of further retrenchments and increased revenue proposed in paragraphs 30 and 33 where the final results are given.

9. *Cost of separation.*—(1) The immediate additional expenditure due directly to the separation of Sind is put by the Irving Committee at Rs. 11·05 lakhs distributed as follows :—

Head of Province	3·13
Secretariat, etc.	·95
Legislative Bodies	1·10
	5·18
Under other heads	5·87
	11·05

(2) The necessity for additional expenditure on a Governor, a Cabinet, Secretaries and staff, and a Legislative Council is obvious. Additional expenditure under other heads is due to the fact that a separated Sind will require to provide for independent direction of Departments now supervised from Bombay and will also have to pay charges for services rendered, such as for maintenance of prisoners in Jails outside Sind.

(3) The estimate given above provides for the following new appointments of superior grade together with staff.

	Rs.	
Governor	1,83.000	(includes staff and household).
3 Ministers	1,30,000	
1 President, Legislative Council ..	40,000	(includes staff).
Revenue Commissioner	37,000	
3 Secretaries	92,000	
2 Under Secretaries	18,000	
Inspector-General of Prisons and Civil Hospitals	87,000	(includes staff).
Inspector of Education	14,000	
Sanitary Engineer	30,000	(includes staff).
Agricultural Engineer	20,000	
Electrical Engineer	66,000	(includes staff).

In addition the status of the present Deputy Inspector-General of Police, Inspector of Education, Assistant Director of Public Health and Deputy Registrar, Co-operative Societies, should, it is proposed, be raised so as to give these departments independent heads, at a total additional cost of about Rs. 22,000. On this question much diversity of opinion was expressed in the Conference, some holding that the extra cost was pitched too high for a small province, the administration of which already costs more per head of the population than any other province, and suggesting various reductions such as in the pay and numbers of Ministers and Secretaries, in the cost of new buildings by utilisation of existing accommodation, and in the number of new appointments for direction of various activities. It was also held that Sind must, at the outset, do without additional expenditure under various heads such as Education, Police, Agriculture etc., until her improving finances permit of such expenditure being incurred. On the other hand it was contended that a separated Sind cannot accept a lower standard of superior administration than prevails in other small Provinces, such as the North-West Frontier Province and Assam, and that the estimates for new buildings, etc., omit various essential items. The broad result of the discussion is that those who are anxious for separation are prepared to do with a minimum of additional expenditure at the outset and the lowest estimate made amounts to Rs. 4·6 lakhs. On the other side, the highest estimate of additional expenditure which a separated Sind would involve is put at about Rs. 20 lakhs on the basis of the standards adopted in Assam and other small provinces. During the discussion the fact emerged that no provision had been made for a separate accounts office, required by a separated Sind, which would cost about Rs. 1¾ lakhs, excluding Barrage construction establishment, or for any separate office staff for the new Revenue Commissioner which might cost about Rs. 1 lakh though some consider that the cost of the new Secretariat and of any staff required by the new Revenue Commissioner should be so arranged as to obviate this additional charge as far as possible. On this basis the highest estimate of additional cost of separation amounts to about Rs. 23 lakhs while the lowest estimate amounts to about Rs. 6½ lakhs including the cost of an accounts office.

My own conclusion is that the Irving Committee's figure is generally reasonable but that some economy should be possible in the cost of the Cabinet and in the Secretariat in view of the financial position of Sind and the present high cost of the administration. The analogy of Assam cannot be followed at the outset and Sind should be prepared to accept a more economical standard until she is in a position to indulge in more elaborate schemes. Three Ministers seem on practical grounds to be excessive for so small a Province and two should suffice. The necessity for three Secretaries in addition to a Revenue Commissioner is also doubtful. Two should suffice. With these and consequential changes in the cost of the staff, an endeavour should be made to keep the cost of separation, including an accounts office, within a total figure of Rs. 12 lakhs. In this respect I would quote from the Federal Finance Committee's Report (Paragraph 59). "We hope the cost of introducing the new reforms will be reduced to a minimum both at the centre and in the provinces. The opinion is widely held in India that the cost of Government already exceeds what can properly be borne by a predominantly agricultural country and it would be deplorable if the first result of the reforms were a large addition to the overhead

charges of Government." It may be added that it was brought out in the discussions that a separated Sind would be unable to maintain a sufficient cadre of her own superior officers and that she would have to depend upon neighbouring provinces for assistance. This would probably mean additional expenditure on pay and allowances to render service in Sind attractive to outside officers. There is some force in this contention, which should be noted, but the probable additional cost is not susceptible of estimate.

10. The Irving Committee have devoted a chapter to the difficult problem of the expansion of revenue and expenditure during 30 years after separation and have arrived at a rough estimate of net additional expenditure of about Rs. 2 lakhs in the first year amounting to Rs. 35¾ lakhs in the year 1962-63, As they say, any such forecast must be highly conjectural, and they have confined their estimate to items in respect of which increase seems inevitable, either owing to construction of new works or to the increased demands which will arise from the development of cultivation and increase of population as the Barrage develops. They admit that it is impossible to give any forecast either of the pace or cost of development under certain heads and made the general assumption that the total increase of revenue and expenditure will roughly balance under the heads affected. The Conference devoted some time to the consideration of this problem and various opinions were expressed but the general view was, that, if Sind is to reap the fullest advantage from the development of the Barrage scheme and attain to the prosperity which lies in the future, considerable expenditure will be necessary on the improvement of communications, in which respect Sind is markedly deficient, on agricultural research and demonstration and on medical, public health and educational facilities. Opinions varied as to the source from which such expenditure should be met. It was pointed out by some members that special provision for road development was not required as this could be financed from a fund built up by the imposition of a special cess of one anna in the rupee levied on all sums paid for land sold under the Barrage scheme. The expert criticism of this suggestion was, that, in practice, it was not feasible because those who bid for land would take into account the proposed cess and adjust their offers accordingly. Thus, in the end, the proposed fund could only come out of the revenue from land sales intended for reduction of the capital debt. Another scheme (Appendix H) for road development laid before the Conference indicated that the capital expenditure on new roads would be served by the increase in the revenue from petrol duty owing to the certain development of motor transport. Others maintained that the additional expenditure required for the development of beneficent services such as education, medical relief, etc., should be a charge upon the revenues of local bodies which should be compelled to levy taxation which they are at present empowered to but do not impose. Further, these revenues must increase appreciably with the development of the Barrage area. Local bodies must therefore be called upon to shoulder a larger measure of responsibility for such expenditure in relief of expenditure from public revenues. While it is reasonable that local bodies should be called on to assist to the utmost of their resources, I think it is clear that considerable expenditure on development must fall on the State. The publication " Sind and the Lloyd Barrage Fourth Edition 1931 " devotes considerable space to the subject of development of communications and agriculture. As

regards the former, a report in 1928 gave preliminary estimates for the construction of Provincial and Local Board roads at a total cost of Rs. 4½ crores. A Committee, which examined this report, was of opinion that a programme of this magnitude was not a practical proposition in these days of financial stringency. It was therefore proposed to call for further proposals for urgent works to the extent of Rs. 50 lakhs only to be provided from provincial revenues and spread over 10 years. The Conference had it in evidence that this provision would be inadequate for the purpose and that the construction of communications on a larger scale would undoubtedly result in better prices for land and more rapid development of the cultivated area. In regard to Agriculture, the publication referred to stresses the immense importance of regular agricultural development to the success of the Barrage scheme and states that the provision of additional funds for the extension of agricultural research and propaganda in Sind is of vital importance. "A new phase of rural development in Sind has been entered upon and the next few years will constitute a critical period in the agricultural history of the Province.....the main matter for consideration is the adequate financing of the requirements consequent upon these all important developments but the extreme financial stringency does not admit of any large amounts being made available for such requirements". An estimate of these requirements amounted to Rs. 17·3 lakhs capital and Rs. 13 lakhs recurring of which some portion has already been incurred. After a full discussion of the problem, the conclusion of the Conference was that any estimates, based on information before them, of the future expansion of expenditure and revenue must be highly conjectural and that it would be of little avail to attempt any forecast over a period of years. If a separated Sind desires-as she must desire-to develop public services and amenities, steps must be taken to raise the funds required. The need for development cannot be ignored and it is probable that the solution lies in a development loan in the earlier years until the Barrage is in a position to contribute from its surplus revenues. It will be necessary to revert to this question at a later stage.

The one important commitment is the remodelling of the Karachi and Fuleli canal systems. The Government of Bombay gave an undertaking in 1923 that these systems would be improved in order to remove apprehensions as to the possible deleterious effect of the withdrawal from the Indus of large volumes of water required for the Barrage system. The liability thus accepted amounted to over one crore of rupees. The Fuleli and Kalri remodelling schemes are already in progress. The probable capital expenditure to the end of the last financial year on these projects is put at Rs. 33 lakhs and about Rs. 9 lakhs annually will be required for capital expenditure till their completion in 1934-35. The commencement of the remaining projects depends on the financial situation.

CHAPTER III.

Reduction in Expenditure.

11. The Conference have carefully examined the possibility of retrenchment in the existing scale of expenditure. In this examination they confined themselves to an enquiry on general lines and to consideration of particular issues raised by several members. It was not possible for the Conference to

perform the full functions of a retrenchment committee in the time at their disposal as this would have necessitated an investigation into detail and the examination of many witnesses which would have occupied a lengthy period of time. In this enquiry the Conference had before them the following considerations :—

(1) As a result of the efforts of the Bombay Government to reduce expenditure, considerable economy had already been effected in Sind. The Conference were informed by the Financial Secretary, Bombay that the deficit shown by the Irving Committee might be reduced by Rs. 20 lakhs, provided account was taken of the facts that Rs. 9 lakhs was due to the emergency cut in pay and that the remaining Rs. 11 lakhs included some retrenchment of an emergency nature. Later figures in detail supplied by the Commissioner in Sind (Appendix B), though not complete under every head, indicate that the permanent saving due to retrenchment since 1st April 1931 might be taken to be about Rs. 12 lakhs, excluding cuts in pay, which figure has been adopted for the purposes of this report.

(2) The Bombay Government have themselves embarked upon a fresh investigation into their expenditure and Sind may expect to share in the result.

(3) As Sind is entering upon a new phase of development owing to the opening of the Sukkur Barrage, the need for additional expansion in the near future in certain departments cannot be ignored.

12. A statement (Appendix C) was placed before the Conference which showed that the cost per head of population under most of the expenditure heads was frequently much in excess of the corresponding figures for other provinces such as Assam, Bihar and Orissa or the Central Provinces. For example, expenditure on police in Sind is Rs. 1-1-0 per head while in Assam it is 0-5-7, in the Central Provinces 0-6-5, and in Bihar and Orissa 0-3-8. *Prima facie* this would indicate that the standards in Sind are unduly expensive. On the other hand, if expenditure per square mile is taken, a contrary conclusion might be drawn, if not in the case of the police, at least under most other heads. The reason is that Sind is very thinly populated and it is therefore necessary to use such comparisons with caution. It is stated in paragraph 260 of the Report of Indian Statutory Commission, Volume II :—" It costs more to run a province with a scattered population than one which is densely populated ; more teachers and policemen must be maintained per head of population ; the cost of roads and of medical and sanitary services must be higher per head.....We should not therefore in any case expect to find anything like equality in the expenditure of various Provinces either in proportion to the area served or to population ". At the same time, as more than one member of the Conference observed, the cost per head of the administration of Sind is remarkably high even allowing for these considerations. It amounts to about Rs. 7 per head of population compared with Rs. 1·8 for Bihar and Orissa, Rs. 3·8 for the Central Povinces and Rs. 4 for Assam and the general impression remains that the administration of Sind is particularly expensive.

13. The Conference first considered the question of pay of the provincial and subordinate services which was admittedly higher in Bombay (and still higher in Sind) than elsewhere. A large majority considered that Sind could not afford to continue to pay the present rates and that the scales of pay for future recruits to the provincial and subordinate services should be revised in such a way that the new rates would be at least 10% below existing rates for the lowest grades and at least 25% less in the case of the higher grades. It was the opinion of some members that pay below Rs. 40 per mensem should not be reduced in any future revision, but that the maximum of the highest grades was capable of still further reduction than that proposed. As regards existing incumbents, the majority considered that it might be necessary in relief of the financial position of Sind to continue the temporary cut of 10% in pay in the provincial and subordinate services at least until the proposed temporary settlement of land revenue at reduced rates had expired, that is probably for a further five years, at an annual saving of about Rs. 5 lakhs.

14. The Conference then examined the expenditure under each of the main heads and the following is the result, in brief, of their discussion:—

(Figures in thousands of rupees.)

	Expenditure, 1930-31.	Retrenchment since effected.
(1) Land Revenue	14,19	1,13

The proposal was advanced that considerable savings could be effected by the reduction of the number of supervisory Tapedars and other village establishment and that at least Rs. 2 lakhs could be saved in this way. On the contrary it was pointed out that considerable reductions in numbers had already been made. Owing to the development of the Barrage area, proposals had been made for extra establishment of nearly 300 Tapedars but it had been possible by reorganisation of the existing staff to dispense with additions. This fact had to be taken into account. Any further reductions would be certain to lead to inefficiency and were therefore undesirable. Opinion remained divided on this question. Mr. Price contended that an aerial survey would provide an efficient check of the cultivated area and would prevent many of the fraudulent practices which are now said to be prevalent.

	Expenditure.	Retrenchment effected.
(2) Excise	2,32	13

The general opinion was that no further specific reduction could safely be made without loss of revenue, though some members expressed the view that a moderate further cut might be effected under this head.

	Expenditure.	Retrenchment.
(3) Forests	3,57	4

The forests of Sind afford an average net revenue of about Rs. 3 lakhs and are capable of further development. The majority were therefore of opinion that expenditure might well be increased with a view to improved revenue and to the general benefit which would accrue from further development. Some members thought that the present ratio of expenditure was high and that,

under present conditions, some economy should be possible—though no definite scheme was advanced.

	Expenditure.	Retrenchment.
(4) General Administration	21,46	2,01

It was suggested that economy could be effected by the abolition of the three remaining posts of Huzur Deputy Collectors and of seven Huzur Mukhtyarkars; also that the new Dadu district should be abolished, at a saving of Rs. 1·3 lakhs. After considerable discussion, it appeared that opinion was against the abolition of Huzur Mukhtyarkars and that the saving on Deputy Collectors would be secured in any case. As regards the Dadu district, it was pointed out that the creation of a new district had, after long consideration, been found to be essential and that a reversal of this decision would be a most retrograde step in the face of Barrage development. Opinion was equally divided on this point but a general conclusion was reached that by redistribution of districts, talukas and subdivisions material economy could be effected and it was recommended that this question be further examined.

	Expenditure.	Retrenchment.
(5) Administration of Justice	11,55	44

It was observed that the economy effected here was much less than under General Administration and that further reductions should be possible. Concrete suggestions were made for the abolition of one Additional Judicial Commissioner, three resident Magistrates and the employment of officers of lower status as City Magistrates. The additional saving suggested was Rs. 70,000. Against this it was held that the incidence of crime in Sind was exceptionally high and that economies had already been effected by the reduction of the number of resident Magistrates. The abolition of the Additional Judicial Commissioner would be a retrograde step in view of the recent improvement in the disposal of work. It was understood that the Bombay Government was against the proposal but had suggested economy in other ways. The majority were against the specific changes proposed but it was thought that some economy should be effected by a lump cut.

	Expenditure.	Retrenchment.
(6) Jails	6,45	Not stated

It was pointed out that the Bombay budget for 1932-33 under this head showed a considerable reduction and it was generally agreed that a proportionate reduction (exclusive of reduction in pay) could be taken for Sind, yielding Rs. 30,000 owing to the fall in prices.

	Expenditure.	Retrenchment.
(7) Police	36,78	89

Considerable discussion took place on the proposal that a further reduction of about Rs. 4 lakhs should be made, as the expenditure on police was much higher in Sind than elsewhere. The Moslem representatives contended that the recent additions to the force should be abolished but, in the end, they yielded to the pressure of the minority, who expressed grave apprehension at the proposal, and they agreed that no reduction should be made, despite their view

that there was much room for economy under this head.

		Expenditure.	Retrenchment.
(8)	Education	29,52	3,66
	Medical	6,60	..
	Public Health	3,12	4
	Agriculture	5,39	59

The Conference were generally agreed that further reductions were undesirable in these beneficent services particularly in view of the necessity for early expansion owing to the Barrage development.

(9) *Civil Works.*—The view was expressed that a percentage reduction could be effected in view of the fall in the cost of labour and material and that about Rs. 1·8 lakhs could thus be saved. While it was generally agreed that further economy should be possible, it is doubtful if anything like the saving proposed can be obtained.

15. The specific proposals made by those who held that the deficit must be reduced by further retrenchments would realise a saving of about Rs. 6·5 lakhs but the discussions indicated that some of the measures were undesirable on various grounds. In the case of revenue-collecting and beneficent services the scope for retrenchment is generally limited, and in Sind the problem is complicated by the development of the area under the Sukkur Barrage. The actual retrenchments of Rs. 12 lakhs already effected, however, represent less than 6 per cent. of the total reducible expenditure. I would point out in this connection that in the recent retrenchment campaign of the Government of India, the expenditure on some of the minor administrations under that authority has been reduced to the following extent (exclusive of cuts in pay) :—

	Per cent. of total expenditure.
North West Frontier Province	7·3
Baluchistan	11
Ajmer-Merwara	17
Delhi	11

I therefore share the view of those who maintain that still further pruning of expenditure in Sind could be effected, though without a very detailed examination, it is not possible to indicate specific items. The Police expenditure, however, is undoubtedly high and requires special examination. The enquiry now being undertaken by the Bombay Government may serve to indicate fresh sources of retrenchment but, in the meantime, for purposes of this report a rough figure of a further Rs. 5 lakhs might be assumed. I have suggested at a later stage that savings from retrenchment should be made available for necessary development.

CHAPTER IV.

New Sources of Revenue.

16. The Conference considered at length several proposals for increasing the revenues of Sind in order to reduce the deficit. The main proposals were:—

(*a*) a special levy of one anna per rupee on the assessment of land revenue,

(*b*) an income-tax on agricultural incomes,

(*c*) a duty of 8 annas or one rupee per bale of cotton exported from Sind,

(*d*) a license fee for the sale of tobacco,

(*e*) a tax on registered trades and professions and on domestic servants. The number of registrable classes should be increased to include money-lenders, etc.,

(*f*) development of fisheries, Government to grant a monopoly for deep sea trawling in return for a stipulated payment.

The results of the discussion on these proposals are summarised below.

17. (*a*) In answer to a question as to what definite proposals the supporters of separation could make for the reduction of the deficit by the increase of the revenue of Sind, the Moslem representatives unanimously declared that they were prepared to agree, in order to cover part of the deficit, to a special additional charge of one anna per rupee of land revenue assessment (including water rates) on whatever rates were in force at any time in the future throughout Sind and without prejudice to the question of revision of the existing system. They further agreed that Jahagir lands, which at present received specially favourable treatment, should pay a reasonable increase on existing rates for additional water advantages. Assuming that this additional cess were levied on the assessments now under consideration which may be taken to amount to about Rs. 170 lakhs for the first year, the additional revenue expected from this proposal and that regarding Jahagir lands would be about Rs. 10 to 12 lakhs in 1933-34 and would increase as the revenue under the Barrage scheme developed. Those who supported this proposal contended that, though they had commented adversely upon certain features of the incidence of land assessments, they felt that an additional cess of this nature could fairly be imposed as one means of meeting the deficit of a separated Sind. A minority were strongly opposed to any such measure as they held that there was ample evidence that the small land holder was already overburdened and could not stand any further increase. It was pointed out that 40 per cent. of the land revenue assessment was paid by Hindus, who were opposed to the principle of separation, and that Moslem cultivators also were expressing their grievances against the present assessments which they find it difficult to pay. They argued that the proposed revision settlements already involved an increase and that any further addition was out of the question. The opponents of this measure were however in favour of an income-tax upon agricultural incomes which would fall only upon the more affluent Zamindar.

(*b*) The proposal to levy an income-tax for provincial purposes on agricultural incomes over a certain limit (Rs. 2,000 of income from land or Rs. 500 of assessment paid was suggested) had the support of five representatives but was opposed by those who had already suggested the special levy of one anna per rupee. They claimed that their alternative would yield a larger revenue, would fall upon all classes in proportion to their holdings and would be more easily collected than an income-tax. An attempt was made to estimate the probable yield of such a tax on the assumption that 500 acres was the minimum estate which could be made liable for agricultural income-tax in addition to payment of land revenue, the total number of such estates being over 2000, totalling 2½ million acres. It would appear that, with land revenue at Rs. 4 per acre on the average and with a tax assumed at 5 per cent. of income from the area actually under cultivation, the initial revenue would not exceed Rs. 3½ lakhs rising to Rs. 7 lakhs as cultivation increased—an amount much below that anticipated from the special cess already proposed.

(*c*) A duty of 8 annas or Re. 1 per bale of cotton exported from Sind by sea or rail was strongly supported by a small majority on the grounds that a similar duty was imposed in Bombay city to yield revenue for development purposes and that such a duty would produce a substantial return estimated at Rs. 5 to Rs. 10 lakhs. It was further contended that the Federal Finance Committee had stated that they did not rule out the possibility of terminal taxes in the province of Assam and elsewhere as a temporary expedient though they were not prepared to regard terminal taxes as a normal source of revenue. Such a duty would, it was considered, be justifiable as a temporary expedient in the case of Sind also. The proposal was very strongly opposed by the two representatives of commercial interests and by others on the following grounds :—

(1) The great bulk of the cotton exported from Sind came from the Punjab. Over a million bales were exported from Karachi, but the exported outturn of Sind itself was estimated at only about 1,50,000 bales. The proposed duty would therefore be, in the main, a transit duty which was a most objectionable form of taxation.

(2) The duty could only result in the diversion of the cotton traffic from Karachi to other ports, particularly those in Kathiawar, with disastrous results to the trade of Sind.

(3) The analogy of Bombay was not relevant as a large volume of cotton on which the tax fell was not exported but was consumed locally. The tax was therefore in part a consumption tax. In regard to this point the Taxation Enquiry Committee had noted that the town duty on cotton had been imposed on half the export trade of the port.

(4) A terminal tax which really amounted to an export duty was already imposed by the Karachi Port Trust with the justification that the tax represented a payment for services rendered for the housing of labour etc., in the port.

(5) The proposed tax would ultimately fall on the producer and react unfavourably on the cultivation of cotton in Sind which already paid heavily in land assessment.

(6) An export duty of this kind was the concern of the central or federal Government and could not be a provincial source of revenue.

(*d*) The Conference by a large majority approved of the proposal to levy license fees for the sale of tobacco, though they recognised that there might be administrative difficulties and that it might be necessary to impose some form of control, such as licensing, over the cultivation of tobacco. At first the license fees would probably have to be restricted to town areas and the revenue would, from rough estimates, probably not exceed one lakh of rupees but it was capable of expansion eventually when the right to sell tobacco might be auctioned in the same way as opium and liquor shops were now sold. The Taxation Enquiry Committee's report shows that this form of taxation is in force in several Indian States and there is no reason why it should not be developed in Sind and ultimately bring in considerable revenue.

(*e*) As regards taxation on certain professions and trades, some members considered that annual taxes might be levied on such professions as legal and medical practice, money-lending, etc., at rates varying from Rs. 50 to Rs. 10 and that the number of registrable callings should be increased to include regular money lenders. A small tax might also be put on the employers of domestic servants. One estimate put the receipts at about Rs. 2 lakhs though this is probably a high figure. Other members opposed the proposition on the ground that, in the case of money lenders, the scope of the tax would be difficult to define and that, in any case, as the Taxation Enquiry showed, the tax is more appropriate for local bodies than for a provincial Government. Against this it was urged that, where local bodies do not levy the tax, it would be suitable for provincial purposes.

(*f*) As regards revenue from development of fisheries by granting a monopoly for deep sea trawling and for canning of fish, which would not interfere with the local fishermen, it was agreed that there was much to be said for the proposal which deserved investigation as the sea on the coast of Sind was peculiarly rich in edible varieties. It was thought however that the benefit to the revenues would not be very appreciable.

18. More than once during the discussions, it was asserted that local bodies—municipalities and local boards—do not levy taxation to the extent to which they should under their powers. House tax, for example, is only levied in one or two places. The majority considered that pressure should be brought to bear upon local bodies to compel them to assume larger responsibilities in this respect and to relieve public revenues of the necessity for giving grants-in-aid for education or medical relief. Grants-in-aid might be refused where a local body did not levy a suitable form of taxation for such purposes.

19. Some members raised the question of the allocation of income-tax to Sind with reference to the recommendations of the Federal Finance Committee

on this subject. They held that the deficit could be substantially reduced if Sind were given Rs. 21 lakhs of income-tax, which that Committee calculated as Sind's share, and were relieved by special treatment, as recommended in the case of some other deficit provinces, from the necessity of a contribution to federal revenues. It was, however, held that consideration of this question lay outside the scope of the Conference and raised questions as to the nature or source of a subvention with which it was not competent to deal. The point raised was merely noted.

20. It will be evident that the majority of members, particularly those who favour separation, have been at pains to initiate proposals for new taxation which would help to overcome the difficulty of the deficit. The proposal for a special surcharge on the land revenue gave a definite lead and indicates a very satisfactory attitude on the part of the majority of the representatives. The proposal, though attacked by the minority (who, however, proposed additional taxation in the form of an income-tax on agricultural incomes), would appear to be feasible in view of the low incidence of land assessment in Sind to which the Irving Committee has drawn attention and which was also brought out in evidence before the Conference. It will be necessary to refer to this question when dealing with the Lloyd Barrage, but for the present it will suffice to note that the possibility of additional revenue of this kind should be taken into account in calculating the deficit for the earlier years of a separated Sind. As regards other forms of taxation, there is much that is applicable in the statement made by the Federal Finance Committee in paragraph 41 of their Report :—

> " We have found that such provincial taxes as appear to be within the sphere of practical politics in the immediate future cannot be relied on to yield any substantial early additions to provincial revenues. In using the phrase " practical politics " we are not, of course, expressing an opinion as to whether this or that tax ought or ought not to be imposed, or even as to whether it is or is not likely to be imposed by the legislatures of autonomous provinces when these are constituted. We are only noting the fact that opposition to certain forms of taxation, or the difficulty of their imposition, is still so great that they are not likely to be adopted soon enough to influence the financial situation at the time when the Federation comes into being ".

Additional revenue from licences for tobacco and other articles of luxury, from some form of professional tax or house tax and even perhaps from a small cess on export of cotton, (if this would not damage trade and if the proceeds were earmarked for agricultural development), and from other sources, *e.g.*, increase of stamp duties, appears to be not impossible in the future, but obviously any proposals of the kind require fuller examination than the Conference could give and must finally be implemented by the legislative authority of the future. In the circumstances it seems preferable to assume that such possibilities should not be taken into account in reduction of the initial deficit of a separated Sind, but should remain in reserve as means of obtaining the funds which will be required for future developments.

CHAPTER V.

LLOYD BARRAGE AND CONNECTED QUESTIONS.

21. The Conference devoted three days to an examination of Chapter VI and Appendices 7 and 8 of the Irving Report and in their discussions had the advantage of the expert advice of Sir Charlton Harrison, the Chief Engineer, and of Mr. Dow, the Revenue Officer. At the outset it is necessary to reiterate the words of the expert Committee that " it is never an easy matter to forecast with confidence the financial prospects of a new irrigation scheme and to do so during the period of a serious economic crisis, the duration and ultimate effect of which are at present and will for some time to come remain unknown, is clearly an impossibility ". The Conference, however, regarded it as part of its duty to examine the provisional forecasts of the expert Committee in the light of the latest knowledge available and on the basis of certain necessary assumptions.

22. The main subjects for consideration were—

(*a*) capital expenditure,

(*b*) sales of land,

(*c*) revenue from the Barrage area,

(*d*) working expenses.

As regards capital expenditure, the expert Committee calculated that the total capital charge, including interest charged to capital by a special arrangement during construction, would amount to Rs. 23·2 crores at the end of March 1933. As already stated, the Conference, by a substantial majority, held that Sind should not be debited with the full amount of interest on the capital prior to separation, but only with 15% of that interest, on the ground that, under normal circumstances, this interest would not have been added to capital but would have been met from the joint revenues of the Presidency as a whole to which Sind contributed in the proportion of 15 %. On this assumption the assumed debt of Rs. 23·2 crores should be reduced by an amount representing 85% of the interest of Rs. 403½ lakhs approximately calculated as having been added to capital up to March 1933. The resultant figure of Rs. 1977½ lakhs should be taken as the basis on which the financial forecast should be calculated. The Conference was further informed that the saving in the estimate of Rs. 50 lakhs shown in Appendices 7 and 8 of the expert report should now be raised to Rs. 1 crore. It was also decided to take into account only the capital at charge due from the Government of India and the Khairpur State and to exclude the interest thereon for present purposes, as the allocation of interest on these amounts would be a matter for further consideration, if the proposal as regards accumulated interest referred to above were accepted. A further proposal accepted by the majority was that the balance of debt, remaining after the estimated recovery of some Rs. 14 crores from land sales, should be funded and that no account should be taken of further payments in reduction of capital at charge.

23. *Sales of land.*—It is estimated that the amount of Government land available for sale is roughly 15 lakhs of acres. Against this, there exist various commitments, the most important of which is the promise of Government to grant 3½ lakhs of acres on almost nominal terms to existing zamindars. The Conference was informed that the schedule of land sales, on which the Irving Committee worked, assumed that an average rate of Rs. 100 per acre would be obtained from lands available for sale at full rates, and that, during the last season, despite the slump in prices, no difficulty had been experienced in realising this rate, while large areas were also being leased at rentals of Rs. 4 to Rs. 6 per acre in addition to the assessment. The expert view was that the estimate of recoveries given in Appendix 7 and repeated in Appendix 8 of the Irving report might still be taken as approximately correct in the total, though variations would occur from year to year. The estimated sum total of recoveries available for reduction of capital amounted to about Rs. 14 crores inclusive of interest charged under the instalment system. Some members expressed apprehension that this amount of land could not be absorbed or that the prices expected could not be realised during the continuance of the present economic distress, but to this the reply of the revenue expert was that the economic situation had not, in fact, affected the estimated price as this had originally been pitched at a low figure and further that there was no difficulty in obtaining as many purchasers as the policy of gradual sales required. In regard to the suggestion that the standard price was very low compared with prices which had been obtained on the Punjab canals, the answer was that the policy is to discourage fancy prices which would leave purchasers with no funds to develop their land. The main object is to secure prices which the Zamindar can reasonably pay and to develop land revenue as quickly as possible. In fact the prices now obtained for land compare favourably with the prices which acquisition officers had to pay for land acquired for Barrage purposes, which is a valid test. A proposal, which found favour with the majority, was that a more intensive programme of land sales should be devised in order to ensure that all land was disposed of within a period of 5 to 10 years so that, with recoveries operating in reduction of the capital debt, as proposed by the expert Committee, more rapid disposal would result in reduction of the compound interest charged to the account. While, in principle, this appeared to be a reasonable proposition, the expert view was in favour of caution in this respect, holding that it was inadvisable to adopt an arbitrary limit of time which would result in a flooding of the market and an inevitable fall in the price obtained for the land. The preferable course was to proceed with circumspection and with due regard to the demand and the probable improvement of economic conditions. In the end the Conference was generally disposed to endorse the views of the experts and only desired to emphasise the point that operations should be conducted with the sole object of obtaining the best results, considering all the circumstances.

24. *Revenue from the Barrage.*—As regards revenue, attention is invited to the remarks of the Irving Report on certain disadvantages inherent in the present method of land assessment in Sind which has imposed on an irrigation system certain limitations applicable to lands cultivated under entirely different conditions. The theory is that the assessment should not exceed 40 % of the net assets (though in practice it appears that under normal conditions

it actually approximates to about 25%) and that it should be fixed for a period of years. In the Punjab a more rational system is generally followed under which there is a land assessment based on a proportion of net assets and fixed for the period of the settlement, and in addition a charge for water determined, at least in theory, by the principle that the fixing of the price for water is of the nature of a commercial transaction and should be regulated solely by the price the cultivator is willing to pay for the advantage and should be liable to alteration from time to time. A comparison of the two systems indicates that cultivation is generally much more highly assessed in the Punjab than in Sind. A note written by Mr. Dow states that " settlement officers in Sind in the past have had little reliable data to go on in the matter of appraising outturns and have generally selected them on the low side ..... Similarly the result of a long guess as to the probable course of prices is usually an under-estimate ". Again he says " the whole pitch of assessments in Sind has become very low whether they are compared with those levied on similar canal lands in the Punjab or with those levied in the rainfall irrigated lands of the Deccan and Gujerat ".

The following table compares the Punjab water rates and land revenue (Lower Bari Doab) with combined revised rates for areas under the Lloyd Barrage.

Crop.	Punjab.			Lloyd Barrage.	
	Water rate.	Land revenue.	Total.	Combined rate. First.	Final.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Rice	7 8 0	2 0 0	9 8 0	7 8 0	10 8 0
Cotton	6 4 0	2 0 0	8 4 0	4 0 0	5 8 0
Wheat	5 4 0	2 0 0	7 4 0	3 8 0	4 0 0
Oil Seeds	4 4 0	2 0 0	6 4 0	2 8 0	3 0 0

In the new Nili Bar Colony (Sutlej Valley Project) in the Punjab, it is understood that the land revenue rate is as much as Rs. 3-8-0 per acre in addition to the same water rates as above. In other areas the land revenue varies considerably but Rs. 2 to Rs. 3 appears to be a fair average.

With reference to this question the Conference were informed that the Bombay Government had carefully considered the possibility of introducing a system of separated land revenue and irrigation rates in Sind. That Government are of the opinion that the practicability and advisability of this course could not be decided until a carefully worked out soil classification has been completed and experience gained of the working of the new system of irrigation under the settlements shortly to be introduced. They, however, propose to take up as soon as posssible an investigation into the possibility of introducing, after the period of the forthcoming settlements has expired, a system of land revenue and irrigation rates in order to improve the financial position of Sind.

The importance of this question was recognised by the majority of the Conference, who were not averse from a reasonable increase in the revenue from land assessments and who, as earnest of their intention, have agreed to an extra cess of one anna in the rupee on whatever land assessments and water rates may be in force in future throughout Sind. It is clear that, as the greater proportion of the revenues of a separated Sind will be derived from the land, it is from that source that the major contribution to improved revenues must be expected if Sind is eventually to attain financial independence and to develop her resources adequately. It would therefore appear desirable that the proposed enquiry should be held as early as possible in order that some improvement may be effected in the earlier and more difficult years, if separation is finally decided upon, and that, in the meantime, the imposition of the new temporary settlements should be so effected as not to prejudice an early improvement in the revenue from the land, should economic conditions permit.

25. As regards the actual growth of cultivation and expansion of revenue during the next few years as assumed in the Expert Committee's estimate, the Conference was informed that the statistics had been drawn up with the greatest care. Much time and attention of officers with the widest experience of Sind conditions had been expended on these estimates and there is no reason to doubt that, under normal conditions they will prove approximately correct. In one respect no apprehension need be felt. The estimates of cultivable area were arrived at after a soil survey had been made and before proceeding with construction of the Barrage. There is no danger that the experience of Bahawalpur will be repeated.

26. *Working expenses.*—The Conference discussed with Sir Charlton Harrison the possibility of reduction in the estimate of working expenses in the Barrage area which are put at about Rs. 63 lakhs. They were informed that every effort had already been made to reduce establishment and other charges and these efforts would continue, but that any arbitrary reduction in working expenses would have a disastrous effect upon the efficient management of the scheme at the outset. It also appeared that in preparing this estimate, reduction in pay of future establishment and in the cost of material and labour had already been taken into account. Allowing for the higher cost of salaries and wages in Sind, owing to the higher standard of living prevalent there, the estimated working expenses in the Barrage area compared favourably with those in the Punjab and elsewhere. Further reductions might be possible and, if they were feasible, they would certainly be effected, but for the present it was necessary to assume that the working expenses would remain at the figure estimated.

27. After a lengthy discussion the Conference agreed that it would assist consideration of the financial position if Appendix 8 of the Expert Committee's report, which is based throughout on slump rates, were recast on the following lines:—

(1) Capital at charge should only include 15 per cent. of the accumulated interest during construction ;

(2) the savings on the estimate should be taken at Rs. 100 lakhs;

(3) the rates of assessment for the first five years should be those now under consideration for the temporary revision of the settlements and thereafter full revised rates should be adopted for purposes of the statement.

While the Conference cannot feel assured that conditions will so improve after five years that the imposition of higher rates will be possible, they consider that a statement on these lines should be added to those already prepared by the Expert Committee in order to show clearly the effect of the proposed temporary rates. Such a statement is given as Appendix D to this report. It gives the following results:—

	Increase in net revenue.	Balance available for general purposes after payment of interest.
	Rs. (lakhs).	Rs. (lakhs).
1933-34	32·35	*Nil.*
1939-40	111·9	12·9
1944-45	160·9	85·24
1949-50	187·9	130·8
1954-55	197·6	156·2

These figures take no account of the additional one anna cess proposed by a majority of the Conference which would improve the position by about Rs. 10 lakhs in the first year; the improvement has been taken elsewhere in reduction of the initial deficit.

Chapter VI.

Conclusions.

28. The task before the Conference was to try to overcome the difficulties disclosed by the report of the expert financial investigation. The main difficulties were the bridging, in whole or in part, of the initial gap between revenue and expenditure at the time of separation and the devising of means to meet both the additional expenditure due to separation and the unavoidable future expansion of net expenditure so far as this could be foreseen. The revenue estimated by the Committee amounted to Rs. 182·42 lakhs and the expenditure to Rs. 279·82 lakhs, the difference being Rs. 97·4 lakhs. These figures exclude the Sukkur Barrage which is treated separately. The estimate of expenditure included a provision of Rs. 31 lakhs for interest and avoidance of debt and Rs. 16·5 lakhs calculated to be the initial pensionary liability of Sind, these two items to be transferred from Bombay on the date of separation. Excluding these items, the administrative expenditure in Sind, amounts to Rs. 232 lakhs which is still in excess of the estimated revenue

by about Rs. 50 lakhs. At the outset, it was evident that over so limited a field of revenue and reducible expenditure, amounting in combination to Rs. 415 lakhs, it would be no easy task to find funds by retrenchment or increase of revenue to the extent of about one crore of rupees. In the first place, drastic retrenchment was likely to prove difficult in expenditure which is mainly incurred on administrative and beneficent services, particularly in view of the new phase of development in the Barrage area upon which Sind has entered. In the second place, it seemed unlikely that there would prove to be much scope for substantial increase of revenue in a province so thinly populated, the revenue of which is mainly derived from assessment on land, any increase of which is confined to a limited field under the settlement system. In this connection it is relevant to note that the income-tax and super-tax derived from Sind amounted in 1930-31 to Rs. 17½ lakhs only of which amount Rs. 12·3 lakhs were contributed by Karachi, leaving Rs. 5·2 lakhs for the rest of Sind, which gives some indication of the low degree of industrial development.

29. The Hindu members of the Conference, approaching the problem from the standpoint of opposition to the principle of separation, have made little contribution to the solution of the task. Their protagonist has endeavoured to prove that the basic figure of deficit given by the Irving Committee was unduly optimistic and that it should be increased by about Rs. 26 lakhs. The cost of separation, if Sind is to have at least the ordinary standards of administration of a small province, must, he holds, be at least double the figure of Rs. 11 lakhs estimated by the Expert Committee. The expansion of expenditure during the next two or three decades must be far in advance of the expert estimate, while additional revenue to cover the cost of expansion is not likely to be forthcoming. No substantial retrenchment in existing expenditure is possible and even the economy of Rs. 12 lakhs already secured ought to be reduced by about half at an early date by restoration of the cuts made in expenditure on education and other beneficent services. Of new sources of revenue they see no hope, save perhaps an income-tax on agricultural incomes over a certain limit which would fall upon the larger Moslem zamindars. The basic deficit, including the cost of separation and allowing for additional taxation already imposed and the retrenchment which they accept as permanent, would thus be Rs. 138 lakhs compared with Rs. 94 lakhs, the comparative revised figure of the expert report. In the consideration of the financial estimates of the Lloyd Barrage Scheme they adopt an attitude of pessimism. It is, in their view, unlikely that the estimate of receipts from sales of land, by which amount the Barrage debt will be reduced, will be reached and one opinion is that it should be reduced by 25 per cent. and the period of recovery extended to at least 30 years. Even the recovery of the assessment at slump rates shown in Appendix 8 of the expert report is, in their view, not certain and it is out of the question to expect that any improvement in the land revenue by imposition of higher rates could be effected.

30. On the other hand the majority, who favour the principle of separation, have made a determined effort to show that at least part of the difficulty can be overcome. Individual members have expressed different views on

points of detail but the following scheme may be taken to represent broadly the effect of their suggestions.

	Rs. lakhs.
Irving Committee's estimate of basic deficit and cost of separation	108·45
(1) Increase in basic figures of revenue	—11·5
(2) Decrease in basic figure of expenditure	—7·5
(3) Decrease due to retrenchments already made and to additional taxation already imposed	—14·
(4) Decrease in the estimate of the cost of separation ..	—4·5
(5) Reduction of deficit by imposing a special cess on land revenue	—11·
(6) Other new measures of taxation (excluding suggestion for a State lottery which appears impracticable) ..	—18·5
(7) Continuation of temporary cut in pay of provincial and subordinate services	—5·
(8) Additional retrenchments	—6·5
Net deficit ..	30· (roundly).

Even this net deficit of Rs. 30 lakhs they seek to turn into a surplus by other proposals such as relieving Sind of interest on pre-reform irrigation and unproductive debt to the extent of some Rs. 20 lakhs and claiming for Sind the Rs. 21 lakhs of income-tax allotted by the Federal Finance Committee, without the debit of a contribution to the federal revenues. These expedients were however ruled out of order as not being within the purview of the enquiry. The estimated deficit of Rs. 30 lakhs however makes no allowance for expansion of expenditure due to normal reasons and to the needs of the Barrage area, as the advocates of this scheme claim that there is no need for such special provision, because any expenditure required can, until the Barrage begins to assist, be met from normal increase of revenue, from a special cess on land sales or from increased resources of local bodies.

31. Various reasons have already been given in the preceding chapters to show that this scheme is over optimistic, at least in regard to the earlier years of separation, and it is not necessary to do more, at this stage, than indicate the main objections. An improvement over the expert estimate of revenue to the extent of Rs. 11·5 lakhs may not be impossible when the present economic depression diminishes, but is most unlikely, as early as 1933-34, to which year the estimate pertains. The cost of separation is probably pitched too low, as a separated Sind must provide for supervision of departments now regulated from Bombay, for payment for services rendered and for additional accommodation for the reformed administration of the new province. Further retrenchments to the amount proposed should not prove impossible, if the new administration

makes a whole-hearted effort to secure economy in an already costly administration, but new measures of taxation, save the cess on land revenue which is so strongly advocated, probably cannot be relied upon to reduce the deficit at the outset. At the same time, it is the most satisfactory feature of the Conference that the majority have assumed the responsibility of asserting that part of the difficulty can be overcome by retrenchment and new taxation.

32. As regards the Barrage financial scheme, the same body of opinion seeks to improve the position by the proposal to debit Bombay with 85% of the accumulated interest and by measures designed to speed up the recoveries from land sales. The relief under the first measure would be in the neighbourhood of Rs. 20 lakhs a year on interest charges, under the Barrage Scheme and will be taken into account later.

33. A careful appreciation of the Irving Committee's report and of the record of the discussions in this Conference will, I think. lead to the conclusion that of the two estimates of the financial position of a separated Sind, one is unduly pessimistic and the other somewhat optimistic on many aspects of the problem and that the correct view lies somewhere between these extremes. I have ventured in the course of the report on the discussions of the Conference to make, at the appropriate places, some suggestions on various points which arose, and I will now recapitulate those opinions for further consideration, on the lines adopted in paragraph 30 above.

	Rs. lakhs.
Basic deficit of the Irving Committee including cost of separation	108·45
(1) Increase of basic expenditure on actuals of 1930-31 ..	+2·3
(2) Anticipated decrease in basic revenue	+5·4
(3) Decrease in deficit owing to new taxation and retrenchments already in effect	—14
(4) Reduction in estimate of pension liability	—7·5
(5) Reduction in provision for reduction of debt and for interest	—4
(6) Improvement due to proposal for a cess on land revenue..	—11
(7) Increase in estimate of cost of separation owing to provision for accounts office counterbalanced by economy in other directions	+1
Net deficit ..	80·65
or ..	80·5 (roundly.)

This, in my opinion, is a reasonable estimate of the probable initial deficit of Sind on a date assumed for present purposes to be 1st April 1933. It will be seen that allowance is made for some increase in expenditure over the expert estimate, due to later information of the progress of actuals. The revenue

estimate has for the same reason been reduced by 5 lakhs with allowance for improvement on 1930-31 figures under land revenue, excise and other heads. It is further assumed that the proposals to charge Sind at the outset of separation with only those pensionary charges which are paid in Sind and to treat the repayment of the non-barrage pre-separation debt of Sind on a 50 years basis will be found acceptable. I have further taken into account an improvement under land revenue (including additional Barrage revenue) of Rs. 11 lakhs which appears justifiable in view of the insistence of those who represent the majority under a new dispensation that they accept responsibility for an increase on the lines they propose.

34. As regards the financial position of the Barrage Scheme, I have taken into account the proposal of the majority that Sind should be charged with only 15% of the accumulated interest on the Barrage debt during construction, as it appears to be a very reasonable contention. The deficit now estimated and the net revenue from the Barrage Scheme (Appendix D) available for general purposes are brought together in a table appended hereto (Appendix E). It has been necessary to make certain assumptions in order to prepare any estimate of this kind, but it is obviously impossible to claim any certainty that the assumptions will prove to be correct though they are mainly based on expert opinion as to the probable course of events. These assumptions are—

(*a*) acceptance of the proposal as regards allocation of the accumulated interest ;

(*b*) recoveries from land sales at the prices and more or less according to the programme anticipated. The same applies to recoveries on account of water courses;

(*c*) acceptance during the first five years of the proposed revised settlement rates based on recent prices and, thereafter, a revision according to the higher rates proposed in the settlement reports on pre-slump prices. There seems every reason to hope that, given some improvement in prices of agricultural produce during the period of the temporary settlement, it will be possible to impose at least these higher rates of assessment, in view of the general opinion of those who are conversant with all the facts, that assessments in Sind are unduly low;

(*d*) expansion and intensity of cultivation according to the expert estimates ;

(*e*) no diminution of present efficiency in the control of the Barrage, the distribution of water and the system of estimation and collection of the revenue.

On these assumptions the deficit will continue in full for 6 years during which the additional revenue from the Barrage will be absorbed by the interest charges. Thereafter there will be an increasing balance, after payment of interest charges, which will be available for general purposes and may be devoted to reduction of any subvention or to development purposes or to reduction of the Barrage

debt as may seem most expedient. The surplus so available is indicated below in lakhs of rupees at intervals of three years.

	Basic deficit including cost of separation.	Available revenue after payment of interest.	Balance of debt.
1933-34	80·5	*Nil*	1982·6
1936-37	80·5	*Nil*	1834·9
1939-40	80·5	12·9	1552·4
1942-43	80·5	70	1325·6
1945-46	80·5	92	1137·5
1948-49	80·5	124	951·5
1951-52	80·5	143·8	768·8
1954-55	80·5	156	667
1957-58	80·5	162·9	651·8
1960-61	80·5	167·8	647·3

The basic deficit would, on this estimate, be covered by available barrage surplus from 1944-45 onwards.

35. It will be seen that no allowance has been made for normal growth of expenditure and revenue under non-barrage heads or for the considerable expenditure which must be incurred upon communications, agricultural and other beneficent services if Sind is to reap the full advantages of her resources in the new era of development upon which she has entered. It is assumed that the ordinary growth of revenue and of expenditure will balance out and that as regards new expenditure, funds will have to be found from further retrenchment in the cost of the administration, and from possible new sources of taxation which have not been taken into account in estimating the deficit, as they are not likely to come into operation at the very outset of separation. Later on the surplus revenues of the Barrage may be available in whole or in part. The administration of a separated Sind will have to assume responsibility for finding funds for further development and for commitments such as on the Lower Sind Canals, and it will probably be necessary to take a further loan for these purposes in the earlier years as it is certain that capital expenditure under the Barrage scheme will not cease with completion of the construction of the canals and water courses. This was the considered opinion of those who press for separation.

36. At the outset and for some years to come Sind would require assistance to the full extent of Rs. 80 lakhs if a separate province is constituted. If the Barrage area produces the surplus revenue now estimated, it will be possible to devote some part at least of this surplus to a reduction of this assistance. It is, of course, outside the scope of this enquiry to discuss the nature, source or conditions of any assistance afforded. Indeed a charge may be made that the Conference has already transgressed its powers in two respects, first in proposing a particular allocation of the accumulated interest on the Barrage debt and secondly in reducing the pensionary liability, by which measures part of the burden of a separated Sind would be left with the remainder of the Presidency which would, in effect, be making a subvention to Sind to this extent. But it is maintained that these proposals are justified for the special reasons which have been set forth, having regard to normal procedure and to former precedent. The question of justification for a subvention to Sind fell, I consider, within the range of discussion and it was indeed raised at the close of the Conference. It proved difficult to avoid reference to the source of such assistance and some

members very strongly urged that the subject should not be discussed in the Conference as it might lead to misunderstanding. Therefore those who wished to express an opinion were allowed an opportunity of placing their views in brief on the record of the Conference but the subject was not discussed in all its bearings and, therefore, I refrain from recording an expression of opinion in this report.

37. There is one important point to which reference must be made. It is certain that Sind cannot stand security for the Barrage debt and that it is from the Barrage itself that the security must be sought. The Barrage is indeed the heart of Sind, providing the means of renewed life for the province, the prosperity and ultimate financial independence of which must be derived from this source. A great future undoubtedly lies before Sind but that future and the security of the debt depend upon preservation of the Barrage and its connected canal systems intact, and upon the maintenance of the highest standards of efficiency in the distribution of water, the assessment and collection of revenue, the encouragement of cultivation and the improvement of agricultural methods. It is not the business of this report to deal with arrangements under a new dispensation, but the considerations just mentioned will doubtless be taken into account in any future developments.

38. I have appended to the report, in addition to various statistical appendices, some notes by members of the Conference which will amplify the record in the body of the report.

(1) Note by Khan Bahadur Khuhro which may be taken as summarising broadly the view of the representatives of his community at the Conference, though individual members have proposed variations in detail. (Appendix F).

(2) A general note by three Hindu Members. (Appendix G).

(3) A note by Mr. Price on the development of communications. (Appendix H).

(4) A note by Mr. Dow, Revenue Officer, Lloyd Barrage, on the system of land revenue assessment. (Appendix I).

39. In conclusion, I should like to bear testimony to the harmony and good feeling which prevailed during the Conference, despite frequent differences of opinion on controversial subjects, and to refer, in particular, to the high appreciation which the Conference expressed of the services rendered by Mr. Dow, the Revenue Officer, whose unrivalled knowledge and experience of Sind conditions, were placed unreservedly at the disposal of the Conference and proved invaluable throughout its discussions. In addition, Professor Chablani, Professor Batheja and Khan Bahadur Khuhro had made a specially intensive study of the finance and economy of Sind which proved of the greatest value to the Conference and to myself. Finally I desire to acknowledge gratefully the unfailing assistance rendered by the Secretary, Mr. A. K. Chakravarti of the Finance Department of the Government of India and his staff; the promptitude and the efficiency of the three reporters (whose services were kindly lent by the Legislative Assembly Department) who had a particularly difficult task; and the skilful work on financial estimates and on statistical statements performed by Mr. N. Vira Raghavan whose services were kindly lent to the Conference by the Accountant General, Bombay.

A. F. L. BRAYNE,—6-6-32.

APPENDICES.

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APPEN

REVENUE. [In lakhs of Rupees.]

Major Heads.	1927-28.	1928-29.	1928-30.	1930-31.*	Basic figures adopted by Expert Committee.	Revised Basic figures adopted by Chairman.
V. Land Revenue ..	108·85	106·02	91·28	98·35	102·05	102·00
VI. Excise	38·76	38·17	35·76	25·66	33·00	29·00
VII. Stamps	19·22	18·16	19·24	18·72	20·30	20·00
VIII. Forests	7·13	6·54	6·12	5·68	6·60	6·60
IX. Registration ..	1·60	1·54	1·42	1·35	1·52	1·50
IX-A. Scheduled Taxes ..	0·54	0·54	0·57	0·57	0·55	0·55
XIII. Irrigation ..	4·80	4·77	3·97	3·31	4·51	4·00
XIV. Miscellaneous Irrigation.	0·26	0·22	0·17	0·15	0·22	0·22
XVII. Administration of Justice.	2·08	2·04	1·96	1·81	2·03	2·03
XVIII. Jails and convict Settlements. ..	1·17	1·12	1·23	0·78	1·17	1·00
XIX. Police	0·57	1·47	1·03	2·10	0·87	0·87
XXI. Education ..	1·10	1·27	1·17	1·15	1·18	1·18
XXII. Medical	0·59	1·33	1·32	1·06	1·32	1·20
XXIII. Public Health ..	0·11	0·75	0·74	0·72	0·75	0·75
XXIV. Agriculture ..	0·47	0·74	0·50	0·47	0·57	0·50
XXVI. Miscellaneous Departments.	0·18	0·18	0·18	0·18	1·38	1·38
XXX. Civil Works ..	0·93	1·21	1·74	1·35	1·29	1·29
XXXIII. Receipts in-aid of Superannuation.	1·87	1·77	1·99	1·69	1·88	1·70
XXXIV. Stationery and Printing.	0·36	0·44	0·47	0·42	0·42	0·42
XXV. Miscellaneous ..	0·21	0·15	0·12	0·51	0·16	0·16
Total ..	190·80	188·43	170·98	166·03	181·77	176·35
XVI. Interest	..	..	..	1·05	0·65	0·65
Total Basic revenue.	..	..	..	..	182·42	177·00

* Specially obtained from the Accountant General, Bombay.

DIX A.

EXPENDITURE. [In lakhs of Rupees.]

Major heads.	1927-28.	1928-29.	1929-30.	1930-31*.	Additions.	Basic figures adopted by Expert Committee.	Revised basic figures adopted by Chairman.
5. Land Revenue ..	13·98	14·13	13·76	14·19	0·44	14·39	14·63
6. Excise ..	2·33	2·43	2·42	2·32	1·00	3·39	3·32
7. Stamps ..	0·44	0·44	0·40	0·40	0·02	0·45	0·42
8. Forests ..	3·99	3·84	3·66	3·57	0·18	4·01	3·75
9. Registration ..	0·82	0·81	0·83	0·87	..	0·82	0·87
XIII. Irrigation ..	31·32	33·39	34·95	33·12	..	33·22	33·12
15. Miscellaneous Irrigation.	18·90	13·80	16·38	17·83	..	16·36	17·83
22. General Administration.	20·49	21·05	21·43	21·46	2·35	23·50	23·81
24. Administration of Justice.	11·57	11·48	11·68	11·55	0·35	11·93	11·90
25. Jails	6·30	6·23	6·17	6·45	0·14	6·37	6·59
26. Police ..	36·16	35·82	35·72	36·78	5·31	41·21	42·09
27. Ports and Pilotage	0·16	0·16	0·15	..	..	..	..
31. Education ..	26·22	27·39	27·80	29·52	0·10	27·24	29·62
32. Medical ..	6·04	6·64	6·95	6·60	0·24	6·78	6·84
33. Public Health ..	2·77	2·56	2·62	3·12	0·16	2·81	3·28
34. Agriculture ..	4·71	4·56	5·17	5·39	2·61	7·42	8·00
35. Industries ..	0·02	0·02	..	0·04	0·08	0·10	0·12
37. Miscellaneous Departments.	0·28	0·24	0·23	0·26	0·09	0·34	0·35
41. Civil Works ..	30·17	29·92	29·36	26·03	—3·49	26·32	22·54
46. Stationery and Printing.	1·10	1·09	1·11	1·08	1·22	2·32	2·30
47. Miscellaneous ..	1·23	1·91	1·23	1·12	..	1·45	1·12
Total ..	219·00	217·91	222·02	221·70	10·80	230·43	232·50
19. Interest ..	..	..	..	..	..	31·09	27·00
21. Reduction of debt							
43. Famine Relief ..	2·33	0·28	5·87	2·05	..	1·80	2·05
45. Pensions ..	..	..	..	..	..	16·50	9·00
Total Basic Expenditure.	..	..	..	..	..	279·82	270·55

APPENDIX B.

Statement showing savings due to the several measures of retrenchment ordered since 1st April 1931.

(Figures in thousands of rupees).

Budget head.	Expenditure in 1930-31.	Permanent saving due to retrenchment.	Temporary saving due to 10% cut.
5. Land Revenue	14,19	1,13	47
6. Excise	2,32	13	14
7. Stamps	40	2	..
8. Forests	3,57	4	9
9. Registration	87	..	..
XIII Irrigation	33,12	1,85	54
15. Miscellaneous Irrigation	17,83	1,03	..
22. General Administration	21,46	2,01	1,80
24. Administration of Justice ..	11,55	44	1,16
25. Jails	6,45	..*	..
26. Police	36,78	89	45
31. Education	29,52	3,66	34
32. Medical	6,60	..*	..
33. Public Health	3,12	4	3
34. Agriculture	5,39	59	59
35. Industries	4	..	..
37. Miscellaneous departments ..	26	..	..
41. Civil Works	26,03	70	80
46. Stationery	1,08	..*	..
47. Miscellaneous	1,12	3	2
Total ..	..	12,56	6,43

* Figures not available.

APPENDIX C.

APPEN

Name of Province.	Area in thousands of square miles.	Popula- in thousands.	5—Land Revenue and 22—General Administration.		24—Administration of Justice.	
			Expenditure in 1930-31 In thousands of Rs.	Expenditure per head / Expenditure per. Square mile.	Expenditure in 1930-31. In thousands of Rs.	Expenditure per head / Expenditure per. Square mile.
				Rs. A. P.		Rs. A. P.
Sind	47	38,85	43,07	1 1 9 / 91 10 3	11,93	0 4 11 / 25 6 2
Bombay including Sind ..	124	2,22,60	2,83,46	1 4 5 / 228 9 7	74,77	0 5 4 / 60 4 9
Punjab	100	2,35,81	1,51,01	0 10 3 / 151 0 2	57,40	0 3 10 / 57 6 4
Assam	*49	86,22	49,22	0 9 1 / 100 7 2	11,67	0 2 2 / 23 13 1
Central Provinces	100	1,54,73	97,06	0 10 0 / 97 1 0	30,87	0 3 2 / 30 13 11
Bihar and Orissa	83	3,75,90	95,04	0 4 1 / 114 8 1	41,38	0 1 9 / 49 13 9
N.-W. F. Province	13	24,25	23,55	0 15 6 / 181 2 6	7,86	0 5 2 / 60 7 5
Madras	142	4,67,49	3,07,12	0 10 6 / 216 4 6	99,17	0 3 5 / 69 13 5
Bengal	77	5,01,23	1,70,67	0 5 5 / 221 10 4	1,06,59	0 3 5 / 138 6 10
Burma	2,34	1,46,66	1,63,24	1 1 10 / 69 12 2	64,38	0 7 0 / 27 8 2
United Procinces	106	4,84,09	2,45,37	0 8 1 / 231 7 8	76,87	0 2 6 / 72 8 3

*Exclusive of unsurveyed territory.

DIX C.

26—Police.		31—Education.		32—Medical and 33—Public Health.		41—Civil Works.	
Expenditure in 1930-31. In thousands of Rs.	Expenditure per head. Expenditure per Square mile.	Expenditure in 1930-31. In thousands of Rs.	Expenditure per head. Expenditure per Square mile.	Expenditure in 1930-31. In thousands of Rs.	Expenditure per head. Expenditure per Square mile.	Expenditure in 1930-31. In thousands of Rs.	Expenditure per head. Expenditure per Square mile.
	Rs. A. P.		Rs. A. P.		Rs. A. P.		Rs. A. P.
	1 1 0		0 11 5		0 4 4		0 11 2
41,33	87 14 7	27,80	59 2 5	10,58	22 8 2	27,18	57 13 2
	0 14 3		0 14 10		0 5 11		0 8 7
1,98,77	160 4 9	2,06,70	166 11 1	81,86	66 0 3	1,19,93	96 11 6
	0 8 9		0 11 8		0 4 6		0 9 2
1,28,13	128 2 1	1,71,30	171 4 10	66,75	66 12 0	1,34,79	134 12 8
	0 5 7		0 6 2		0 4 0		0 10 10
30,19	61 9 10	33,40	68 2 7	21,50	43 14 0	58,39	119 2 7
	0 6 5		0 5 10		0 2 0		0 7 3
62,32	62 5 2	56,98	56 15 7	19,13	19 2 1	70,25	70 4 0
	0 3 8		0 3 10		0 1 10		0 3 6
86,52	104 3 10	90,55	109 1 7	41,87	50 7 2	81,32	97 15 7
	1 7 3		0 13 6		0 4 8		2 1 0
35,25	271 2 6	20,63	158 11 1	7,09	54 8 7	50,07	385 2 6
	0 6 5		0 10 2		0 4 4		0 8 0
1,79,05	126 1 6	2,97,12	209 3 10	1,26,52	89 1 7	2,34,70	165 4 6
	0 7 1		0 4 2		0 2 10		0 3 7
2,22,63	289 2 0	1,41,78	184 2 1	90,07	116 15 7	1,12,66	146 5 0
	1 1 5		0 11 10		0 6 3		1 10 0
1,59,14	68 0 2	1,09,20	46 10 8	57,51	24 9 3	2,38,21	101 12 9
	0 6 0		0 6 11		0 2 0		0 2 2
1,79,97	169 12 6	2,08,05	196 4 4	60,88	57 7 0	65,64	61 14 10

NOTE.—The figures shown as expenditure in 1930-31 against Sind represent the basic figures of expenditure *plus* the cost of separation as given in the expert Committee's Report.

APPEN

Programme of Repayment of the debt incurred

Year.	Amount of debt at beginning of year.	Expenditure of year.	Total Capital debt.	Reduction of			
				Savings.	Salvage value.	Recovery from Government of India.	Recoveries from Khairpur State.
1	2	3	4	5	6	7	8
1933-34	1977·49	84·09	2061·58	..	..	67·00	27·00
1934-35	1982·59	59·24	2041·83	100·00	25·00	..	..
1935-36	1911·04	..	1911·04	..	..	..	..
1936-37	1881·25	..	1881·25	..	..	..	..
1937-38	1834·98	..	1834·98	..	..	..	..
1938-39	1763·54	..	1763·54	..	..	..	..
1939-40	1650·18	..	1650·18	..	..	..	..
1940-41	1552·40	..	1552·40	..	..	..	..
1941-42	1469·72	..	1469·72	..	..	..	..
1942-43	1394·14	..	1394·14	..	..	..	..
1943-44	1325·66	..	1325·66	..	..	..	..
1944-45 ..	1261·50	..	1261·50	..	..	..	..
1945-46	1199·50	..	1199·50	..	..	..	..
1946-47	1137·50	..	1137·50	..	..	..	..
1947-48	1075·50	..	1075·50	..	..	..	..
1948-49	1013·50	..	1013·50	..	..	..	..
1949-50	951·50	..	951·50	..	..	..	..
1950-51	889·50	..	889·50	..	..	..	..
1951-52	824·30	..	824·30	..	..	..	..
1952-53	768·80	..	768·80	..	..	..	..
1953-54	724·10	..	724·10	..	..	..	..
1954-55	690·20	..	690·20	..	..	..	..
1955-56	667·10	..	667·10	..	..	..	..
1956-57	654·80	..	654·80	..	..	..	..
1957-58	653·30	..	653·30	..	..	..	..
1958-59	651·80	..	651·80	..	..	..	..
1959-60	650·30	..	650·30	..	..	..	..
1960-61	648·80	..	648·80	..	..	..	..
1961-62	647·30	..	647·30	..	..	..	..

DIX D.

on the Lloyed Barrage Project.

(In lakhs of Rupees).

Capital debt.					Revenue.		
Recoveries on account of water courses.	Receipts from land sales.	Total.	Net capital debt.	Interest for year.	Corresponding total revenue.	Present total revenue.	Increase in total revenue.
9	10	11	12	13	14	15	16
25·00	46·66	165·66	1895·92	119·02	127·84	60·04	67·80
25·00	59·81	209·81	1832·02	119·98	136·71	60·04	76·67
25·00	70·32	95·32	1815·72	114·66	145·13	60·04	85·09
19·03	82·41	101·44	1779·81	112·87	153·97	60·04	93·93
25·00	91·05	116·05	1718·93	110·10	162·00	60·04	101·96
25·00	90·05	115·05	1648·49	105·81	201·82	60·04	141·78
10·98	86·80	97·78	1552·40	99·01	209·90	60·04	149·86
1·50	81·18	82·68	1469·72	93·14	217·86	60·04	157·82
1·50	74·08	75·58	1394·14	88·18	225·72	60·04	165·68
1·50	66·98	68·48	1325·66	83·65	252·98	60·04	192·94
1·50	62·66	64·16	1261·50	79·54	257·06	60·04	197·02
1·50	60·50	62·00	1199·50	75·69	260·39	60·04	200·35
1·50	60·50	62·00	1137·50	71·97	263·63	60·04	203·59
1·50	60·50	62·00	1075·50	68·25	266·32	60·04	206·28
1·50	60·50	62·00	1013·50	64·53	282·29	60·04	222·25
1·50	60·50	62·00	951·50	60·81	285·17	60·04	225·13
1·50	60·50	62·00	889·50	57·09	288·20	60·04	228·16
4·70	60·50	65·20	824·30	53·37	290·98	60·04	230·94
..	55·50	55·50	768·80	49·46	293·77	60·04	233·73
..	44·70	44·70	724·10	46·13	295·22	60·04	235·18
..	33·90	33·90	690·20	43·45	296·76	60·04	236·72
..	23·10	23·10	667·10	41·41	298·21	60·04	238·17
..	12·30	12·30	654·80	40·03	299·75	60·04	239·71
..	1·50	1·50	653·30	39·29	301·24	60·04	241·20
..	1·50	1·50	651·80	39·20	302·91	60·04	242·87
..	1·50	1·50	650·30	39·11	304·40	60·04	244·36
..	1·50	1·50	648·80	39·02	305·88	60·04	245·84
..	1·50	1·50	647·30	38·93	307·67	60·04	247·63
..	1·50	1·50	645·80	38·84	309·34	60·04	249·30

APPEN

Programme of Repayment of the debt incurred

Year.	Working Expenses.				
	Anticipated General working expenses.	Collection charges.	Total working expenses.	Present working expenses.	Increase in working expenses.
	17	18	19	20	21
1933-34	63·18	3·84	67·02	31·57	35·45
1934-35	63·18	4·10	67·28	31·57	35·71
1935-36	63·18	4·35	67·53	31·57	35·96
1936-37	63·18	4·62	67·80	31·57	36·23
1937-38	63·18	4·86	68·04	31·57	36·47
1938-39	63·18	6·05	69·23	31·57	37·66
1939-40	63·18	6·30	69·48	31·57	37·91
1940-41	63·18	6·54	69·72	31·57	38·15
1941-42	63·18	6·77	69·95	31·57	38·38
1942-43	63·18	7·59	70·77	31·57	39·20
1943-44	63·18	7·71	70·89	31·57	39·32
1944-45	63·18	7·81	70·99	31·57	39·42
1945-46	63·18	7·91	71·09	31·57	39·52
1946-47	63·18	7·99	71·17	31·57	39·60
1947-48	63·18	8·47	71·65	31·57	40·08
1948-49	63·18	8·56	71·74	31·57	40·17
1949-50	63·18	8·65	71·83	31·57	40·26
1950-51	63·18	8·73	71·91	31·57	40·34
1951-52	63·18	8·78	71·96	31·57	40·39
1952-53	63·18	8·86	72·04	31·57	40·47
1953-54	63·18	8·90	72·08	31·57	40·51
1954-55	63·18	8·95	72·13	31·57	40·56
1955-56	63·18	8·99	72·17	31·57	40·60
1956-57	63·18	9·04	72·22	31·57	40·65
1957-58	63·18	9·09	72·27	31·57	40·70
1958-59	63·18	9·13	72·31	31·57	40·74
1959-60	63·18	9·18	72·36	31·57	40·79
1960-61	63·18	9·23	72·41	31·57	40·84
1961-62	63·18	9·28	72·46	31·57	40·89

After the year 1961-62, the balance of the debt amounting to 645·80 could be liquidated in 33 annual
date of the completion of the work) of 45·38 per annum. The ultimate estimated increase in net revenue

DIX D—*contd.*

on the Lloyd Barrage Project

(In lakhs of Rupees.).

Increase in net revenue.	Application of revenue.		Debt at end of year.		
	Payment of interest.	Balance available for general purposes.	Balance of capital debt.	Arrears of interest.	Total balance of debt.
22	23	24	25	26	27
32·35	32·35	..	1895·92	86·67	1982·59
40·96	40·96	..	1832·02	79·02	1911·04
49·13	49·13	..	1815·72	65·53	1881·25
57·70	57·70	..	1779·81	55·17	1834·98
65·49	65·49	..	1718·93	44·61	1763·54
104·12	104·12	..	1648·49	1·69	1650·18
111·95	99·01	12·94	1552·40	..	1552·40
119·67	93·14	26·53	1469·72	..	1469·72
127·30	88·18	39·12	1394·14	..	1394·14
153·74	83·65	70·09	1325·66	..	1325·66
157·70	79·54	78·16	1261·50	..	1261·50
160·93	75·69	85·24	1199·50	..	1199·50
164·07	71·97	92·10	1137·50	..	1137·50
164·68	68·25	96·43	1075·50	..	1075·50
182·17	64·53	117·64	1013·50	..	1013·50
184·96	60·81	124·15	951·50	..	951·50
187·90	57·09	130·81	889·50	..	889·50
190·60	53·37	137·23	824·30	..	824·30
193·34	49·46	143·88	768·80	..	768·80
194·71	46·13	148·58	724·10	..	724·10
196·21	43·45	152·76	690·20	..	690·20
197·61	41·41	156·20	667·10	..	667·10
199·11	40·03	159·08	654·80	..	654·80
200·55	39·29	161·26	653·30	..	653·30
202·17	39·20	162·97	651·80	..	651·80
203·62	39·11	164·51	650·30	..	650·30
205·05	39·02	166·03	648·80	..	648·80
206·79	38·93	167·86	647·30	..	647·30
208·41	38·84	169·57	645·80	..	645·80

equated instalments of principal and interest (the whole debt being thus liquidated in 60 years from the is 208·41 leaving an annual profit of 163·03.

APPENDIX E.

Year.	Basic deficit.	Cost of separation.	Total deficit.	Net Balance Revenue.	Net deficit or Surplus —or +
1933-34	68·50	12·00	80·50	..	—80·50
1934-35	68·50	12·00	80·50	..	—80·50
1935-36	68·50	12·00	80·50	..	—80·50
1936-37	68·50	12·00	80·50	..	—80·50
1937-38	68·50	12·00	80·50	..	—80·50
1938-39	68·50	12·00	80·50	..	—80·50
1939-40	68·50	12·00	80·50	12·94	—67·56
1940-41	68·50	12·00	80·50	26·53	—53·97
1941-42	68·50	12·00	80·50	39·12	—41·38
1942-43	68·50	12·00	80·50	70·09	—10·41
1943-44	68·50	12·00	80·50	78·16	—2·34
1944-45	68·50	12·00	80·50	85·24	+4·74
1945-46	68·50	12·00	80·50	92·10	+11·60
1946-47	68·50	12·00	80·50	96·43	+15·93
1947-48	68·50	12·00	80·50	117·64	+37·14
1948-49	68·50	12·00	80·50	124·15	+43·65
1949-50	68·50	12·00	80·50	130·81	+50·31
1950-51	68·50	12·00	80·50	137·23	+56·73
1951-52	68·50	12·00	80·50	143·88	+63·38
1952-53	68·50	12·00	80·50	148·58	+68·08
1953-54	68·50	12·00	80·50	152·76	+72·26
1954-55	68·50	12·00	80·50	156·20	+75·70
1955-56	68·50	12·00	80·50	159·08	+78·58
1956-57	68·50	12·00	80·50	161·26	+80·76
1957-58	68·50	12·00	80·50	162·97	+82·47
1958-59	68·50	12·00	80·50	164·51	+84·01
1959-60	68·50	12·00	80·50	166·03	+85·53
1960-61	68·50	12·00	80·50	167·86	+87·36
1961-62	68·50	12·00	80·50	169·57	+89·07
1962-63	68·50	12·00	80·50	163·03	+82·53

APPENDIX F.

Note for the Sind Conference.

By Khan Bahadur Mohammad Ayub S. Khuhro, M.L.C.

The Conference has now reached the final stage of its deliberations. There can be no doubt that the task with which the Conference was entrusted was very heavy, intricate and at the same time an important one. The case put forth by the majority of representatives, at all stages, in order to understand the real position of the Sind Budget after the latter's separation, was a reasonable one. The conclusions that we have arrived at are as follows :—

Basic Figures (Income Side).

Lakhs.

1. Land Revenue.....Increase of 7 lakhs (..... The reason being that the average of 10 years calculated both according to financial as well as revenue year gives the figure of net realisations to be 109·7. It was generally agreed that the 3 years taken by the Miles Irving Committee for calculating average were abnormally bad years and therefore they cannot reflect the correct position of the Sind Land Revenue.....).
2. Excise figure was also increased by 4·5 lakhs for the same reason and also for the fact that Sind M. L. C's. do not propose to support prohibition.

Expenditure Side.

1. There has been an increase in Expenditure to the extent of 1·65.
2. For Pensions the basic-figure taken by the Miles Irving Committee is 16·50 whereas the actual payment under the head from Sind Treasuries is only about 8·44. Miles Irving Committee have assumed that in 1933-34 Sind Treasury will have to pay 9·0 lakhs. This indicates a clear difference of 7·5 lakhs. It is generally agreed that Sind should be charged that much what she pays. Thus there will be clear saving of .. .. 7·5

Retrenchment.

1. The figures supplied by the Commissioner's office indicate that the total permanent saving carried out is about 12·8 lakhs and temporary saving is 8 lakhs. It was unanimously agreed that the 10 per cent. cut in the salaries of Provincial as well as Subordinate service be continued at least for 5 years till these slump rates continue. If we exclude the saving

effected by the cut in the salaries of Imperial service it will make hardly the difference of about one lakh. We have, therefore, got to calculate 20 lakhs as retrenched by the Bombay Government so far.

2. In addition the Conference has either unanimously or by majority decided to effect following retrenchments. The proposals have been more of a general character, because the Conference had no time to go minutely into details to work out the exact savings by retrenchment. It will be the function of the separated Sind Government to undertake this task and I have no hesitation to think, that they will at least save as much as we have suggested in general.

Land Revenue (Saving due to reduction in the Village establishment owing to the appointment of Abdars and Canal Assistants and reduction in Supervising Tapedars as decided by the Bombay Retrenchment Committee)	2·0
General Administration (Three Huzoor Deputy Collectors Rs. 12,600, abolition of Dadu District 1·30) ..	1·70
Administration of Justice (1 Assistant Judicial Commissioner costing Rs. 40,000, two City Magistrates Rs. 8,400, three Resident Magistrates Rs. 12,600)	0·70
Jails	0·30
Civil Works. (It was agreed that there should be a uniform cut of 10 per cent. which will give as much as the permanent and the temporary retrenchment has saved by the re-adjustment and re-arrangement, this figure can be saved easily)..	1·8
Total	6·5

Police. It was generally agreed that there is considerable room for retrenchment in Police but in order to satisfy the Hindu Members of the Conference no retrenchment was effected for the time being.

Cost of Separation.

The saving effected according to the detailed proposals I have already submitted is 6·5. Thus I would take the saving to be 6·5 lakhs. But we may have to add about 2 lakhs due to the cost of Audit Office and the Establishment for the Revenue Commissioner. Thus the net saving will be only 4·5 lakhs. It should however be remembered that cost of administration is already highest as compared to other provinces in India. Sind spends nearly Rs. 7 per head which is double of Madras and almost three times of Bengal and Assam spends only Rs. 4 per head.

Expansion.

There appears no need at present to provide anything for expansion in the immediate future. The programme of roads and further development of the Agriculture Department should be made from extra 1 anna cess on sale of Barrage lands and the extra income from the Barrage area.

Remodelling of Phuleli and Karachi Canals as well as Artillery Maidan are productive schemes. There is however no immediate need for new districts of Dadu, Ghuni, District Court at Nawabshah, and the Mental Hospital.

The net result is as follows :—

	Lakhs.
Income Side	11·5
Pensions	7·5
Retrenchment already effected	20·0
New Retrenchment	6·5
Cost of separation	4·5
Add to this increase in expenditure	50·0
minus ..	1·65
	48·35
Round Figure .. .. 48·5	

The net loss shown by the Miles Irving Committee in the first year of the separation is 110·42 lakhs. Deduct from this 48·5 lakhs thus saved. The net loss will be only 61·92 or 62 lakhs.

New Sources of Revenue.

1. On account of tax on Electricity, Transfer of Property Act, New Court Fees and Stamps Act, Sind will get at least 2 lakhs.

2. Due to the imposition of 1 nanna cess per rupee of land revenue to meet the extra cost of separation till Sind is sufficiently rich otherwise to meet the cost of administration will give at least Rs. 12 lakhs.

Note.—The Land Revenue in Barrage zone will be about 125 lakhs, outside Barrage zone it will be about 50 lakhs. Add to this the Hakabo charges to Jagirs in whole Sind, will bring the total gross revenues to 2 crores straight off, and the one anna cess will thus give 12·5 lakhs. To be on the safe side I however take it to be 12 lakhs.

3. Income-tax collected in the Province of Sind will give us, as calculated by the Federal Finance Committee, Rs. 21 lakhs. A deficit and a small province like Sind cannot afford to give any contribution to the Federal Government and therefore it will be wrong to take into consideration any contribution from Sind to Federal Government.

4. I am strongly of opinion that Sind should not be made to pay the interest charges for the Pre-Separation debts. This amount as suggested by Professor Batheja should be charged to Bombay as Bombay will by separating Sind benefit to the extent of about 75 lakhs straight off. According to the calculations of the Federal Finance Committee, Bombay will have deficit of 65 lakhs under the existing conditions if Sind is separated. Bombay is entitled to 322 lakhs as share of Income Tax. Her full contribution to the Federal Government will be 203 lakhs. Thus the net saving to Bombay will be 54 lakhs straight off, if Sind is separated. Bombay can therefore easily bear 21

lakhs of interest charges to get rid of Sind. If Sind continues to hang round the neck of Bombay like a millstone, after the Federal Government is established in India, Bombay will be having a deficit of about 25 lakhs per year inspite of the share of Income Tax as recommended by the Federal Finance Committee and therefore Bombay will be compelled to ask Federal Government for a subsidy of 25 lakhs per year to meet the Sind deficit. To choose between the two certainly Professor Batheja's suggestion of making Bombay pay the interest charges is undoubtedly a clear gain to Bombay Government and a much lesser evil, if it is regarded as such. The result will at this stage be as follows :—

	Lakhs.
Interest charges for pre-separation debt charged to Bombay	21·0
Income Tax	21·0
Electricity, etc.	2·0
One anna cess	12·0
	56·0
	—62·0
Net deficit	6·0

The net deficit thus boils down to only Rs. 6 lakhs. I have yet to suggest numerous sources of revenue for the province of Sind in the light of the recommendations made by the Federal Finance Committee.

	Lakhs.
(*a*) The Tobacco Tax will be an indirect tax which will not be felt at all. This will give us alone at least 5 lakhs of rupees. It should be 25 per cent. of the cost of Tobacco to start with	5·0
(*b*) The Excise duty on cotton of Re. 1 per bale will give us about ..	10·0
(*c*) There are other minor sources of Income just as :—	
Licensing of :—	

	Rs.		
(*a*) Medical-Practitioners	30		
(*b*) Veterinary Surgeons	10		
(*c*) Money lenders	50	per annum ..	2·0
(*d*) Domestic Servants	1		
(*e*) Legal Practitioners	50		
(*f*) Sea Fishery			1·0
(*g*) Lottery			10·0
(*h*) Guns, Pistols, Swords, Re. 1 per year for each Gun and Rs. 2 for Pistol, annas 4 for Sword			·50
Total			13·5
Major Heads			15
Minor Heads			13·5
			28·5

These sources of revenue will give us surplus revenues of over 20 lakhs, to spend for the nation-building departments.

APPENDIX G.

Note by three Hindu Members. (Professor H. L. Chablani, Mr. Lalchand Navalrai, M.L.A., and Diwan Bahadur Murlidhar Jeramdas Punjabi).

Now that the work of the Conference is coming to a close we desire to place on record our general view of the matters under discussion. As a result of the discussion, the position which emerges appears to us almost hopeless. Since the Expert Committee reported, the financial position of Sind has become decidedly worse inspite of severe retrenchment and additional taxation. The revenue receipts in 1930-31 and Revised Estimates of 1931-32 are lower than the basic figures assumed by the Miles Committee by as much as 24 lakhs while the expenditure in 1930-31 exceeded the Committee's basic figure by 2·3 lakhs. It has also been generally admitted that the expert committee has omitted from their estimates 1½ lakhs for a separate Accounts and Audit Office and 1 lakh for the establishment charges of the Revenue Commissioner. Against this, there is the improvement due to new taxation of 1½ lakhs to 2 lakhs, and to retrenchment to the tune of 12 lakhs, part of which cannot be regarded as of a permanently recurring character. In the first years of separation, the deficit of Sind would thus stand considerably higher than the basic figure assumed by the Committee.

2. Our Muslim friends' way of overcoming the difficulties disclosed by the expert committee's report is first of all, to reduce the expert committee's estimate of the normal deficit by the heroic assumption that Sind's revenue receipts in 1933-34 would exceed by 11½ lakhs the Committee's basic figures, and by as much as 35·5 lakhs the actual realisation in 1930-31, the latest year for which accounts are available. Their second device is to cut down the pension liability by 7·5 lakhs, ignoring altogether the item in column 5 of the table on page 76 which estimates Sind's liability for pensions already earned but not paid out of Sind's treasuries, as well as the figure in column 9 on page 77 which gives the Committee's estimate of the Residue of Sind's share of part-earned pensions. No reasons have been given for this reduction except the chairman's general impression that the Committee's estimate of 16 lakhs appears to be too high. We suggest that the calculations made by the Miles Committee be scrutinised by an expert actuary, for no mistake has been detected in the expert committee's calculations. The third device is a cut of 6·46 lakhs on the Committee's estimate of 11·05 lakhs on account of separation, inspite of the committee's serious warning in paragraph 40 of their report against the facile assumption that a separate Governor's province in Sind could be administered with a much cheaper headquarters staff than that of a conventional Governor's Province. Their fourth device is to assume that the emergency cut in salaries including those of covenanted servants can be made permanent. Their fifth is to regard the whole of the amount saved since April 1931 by retrenchment as a permanent recurring saving inspite of the official statement that a substantial part of it is mere postponement of necessary expenditure. Over and above these cuts the Muslim members of the Conference have proposed a further cut of 6·5 lakhs under Land Revenue, General Administration, Justice, Jail, and Civil Works, though the specific items mentioned by them as capable for retrenchment were considered necessary items of expenditure by almost all the non-Muslim members of the Conference. These bold

devices are responsible for reducing the estimate of sub-committee's deficit by as much as 49 lakhs out of which we ourselves cannot regard more than 7 lakhs as recurring permanent savings due to retrenchment made by the Bombay Government since 1st January 1931.

3. As regards taxation our Muslim colleagues expect to get 8 lakhs out of income-tax under the Federal Committee's proposal and have suggested further that 13 lakhs mentioned as contribution due from Sind should be wiped out by the Central Government. We cannot rely even on this source of revenue as a certain item, for the Federal Committee's estimate on pages 4 to 5 show a surplus of 4·50 crores, which is yet to be realised. These estimates of the Federal Committee are based on the assumption " that the present depression will come to an end and that there will follow a period of reviving trade accompanied by a gradual increase of prices, which if they do not reach the pre-slump level, will rise appreciably higher than the level now prevailing." We do not ourselves expect the depression to pass away by 1933 and consider it therefore premature to count on 8 lakhs from income-tax a an item of Sind's revenue. As regards the wiping out of 13 lakhs of contribution this appears to be nothing else except a subvention from the Central Government and on which we have already expressed our views in a separate note. Among the new taxes proposed the only tax the burden of which is likely to fall partly on the shoulders of Sind Muslims is the suggestion that there should be an increase of one anna in the rupee over the land revenue assessment both in the barrage zone and outside the barrage zone. The total revenue of Sind both from the barrage and non-barrage zone during 1933-34 is not expected to be more than 156·1 lakhs on the basis of Appendix 8 so the total yield of this additional tax will be less than 10 lakhs of which 40 per cent. will fall on the shoulders of Hindu Zamindars who are opposed to separation. The second tax proposed is the professional tax (*a*) on lawyers, doctors and money lenders; almost all of whom in Sind belong to the minority communities. Even the suggested tax on employers of domestic servants is likely to fall almost exclusively on the non-Muslim community. The domestic servants of Muslims in the rural areas will easily be classed as either tenants or agricultural labourers and are in point of fact indistinguishable from these at certain seasons of the year. The Vend Fee on Tobacco is impracticable over the whole of Sind owing to administrative difficulties; if restricted to towns it only means taxation of the consumer of tobacco in cities which are predominantly non-Muslims. The suggested transit duty on the cotton bales coming from up-country means taxation on the Punjab grower of cotton and will probably lead to diversion of trade from Karachi to other centres. On the most optimistic calculations the yield from the Professional tax will not exceed 2 lakhs and from Vend fees on tobacco another 2 lakhs and from the Transit duty on Cotton bales 5 to 10 lakhs. A wide gap therefore yet remains to be filled up by other means.

4. For the reduction of interest charges our non-Muslim friends rely on what amounts to repudiation of debt. The proposal that barrage debt should be divided in the proportion of 15 to 85 between Bombay and Sind, is on the face of it absurd, as it would mean that Sind will have the whole of the proceeds of land sales and the Revenue from the barrage zone but will pay only 15 per cent. of the total capital debt on the barrage. Professor Batheja's proposal that the Central Government should wipe out the whole of the pre-reform

irrigation debt amounts again to nothing more than a subvention from the Central Government. There remains the proposal that Bombay should take over 85 per cent. of the accumulated interest charges on the barrage capital on the ground that if the interest on the barrage debt had been met out of revenue, all revenue transactions on capital would have been regarded as closed as suggested by the expert committee in paragraph 32. In our opinion the proposer has misread and misinterpreted paragraph 32 of the report which reads as follows :—

> " Our conclusion therefore is that no question of debt arises at all in respect of *past expenditure* from revenue. Throughout the *years prior to separation*, the revenues of the joint province *were devoted* to those objects which, at the time, appeared to be the most deserving in the interests of the province as a whole ; it is quite immaterial in which particular division of province the expenditure *occurred* ; and all *such* revenue transactions must, in our opinion, be regarded as closed. It follows that the only debt which requires to be distributed is that which entails *continuing* liabilities *in the shape of payment of interest and repayment of capital.*"

It is clear that what the expert committee regarded as finally closed was only the *past* expenditure from revenue and not any *continuing* liability in the shape of payment of interest or repayment of capital. The original Barrage project *expressly* provides that the land sales and the revenue from the barrage are to pay for the capital expenditure of the barrage including accumulated interest. The Bombay Government has already paid 81 lakhs out of revenue and Famine Fund towards the interest on the barrage and it was on the definite undertaking that the *remaining* interest on the barrage will be added to the capital during the period of construction and paid out of revenue and land-sales from the Barrage zone that the Secretary of State sanctioned the project and the Bombay Legislative Council agreed to take up the responsibility of the barrage. If Sind continues with Bombay this accumulated interest will certainly be met out by the revenue of the barrage which will then become a part of the whole presidency revenues. It is inequitable to take over the entire revenue and capital receipts of the Barrage and then throw on Bombay 85 per cent. of the accumulated interest. The assumption that Sind revenues paid for the interest on the Deccan irrigation works is untrue in point of fact. At any rate since 1921 when the provinces came to have separate financial resources Sind's revenues have *always* fallen short of expenditure in Sind by more than half a crore annually, and it is absurd in the face of these facts to contend that Sind should be presumed to have contributed towards the interest charges of the Back Bay scheme or the Deccan irrigation works. What strikes us even more absurd is the fact that even 15 per cent. of accumulated interest has been taken over not as an item of unproductive debt of Sind but as part again of the Barrage capital. We consider all suggestions that Bombay should pay any part of the barrage debt and interest charges and Sind should have the whole revenue from land sales and land assessment as equivalent to asking for subvention from the Bombay Government.

5. As regards the future expenditure, our Muslim friends have practically washed out all the estimates of Committee and the Bombay Government

regarding the growth of capital expenditure and expenditure charged to revenue considered as inevitable under the conditions created in the Barrage zone. We have already indicated our view regarding these items. It would be sufficient for us to record our firm conviction that the anticipated revenue of barrage will hardly be sufficient for the inevitable growth of expenditure in the barrage zone—inevitable because it will become necessary if Government is to get its expected revenue from the barrage.

6. The assumed rates of assessment in the barrage zone have already been objected to by the zemindars of Sind, Hindu as well as Muslim, and we are firmly convinced that they are pitched too high. Mr. Green's new proposals are based upon the prices ruling in January 1932 and on full 40 per cent. net assets wherever his original rates fell short of 40 per cent. standard. Since then, prices of cotton and oil seeds have fallen sharply and there is a general complaint that his rates are far too high and mark a very steep rise over the existing rates. As regards the prospects of full rates, which are much higher than either the slump rates in Appendix 8 or Mr. Green's new proposals, being levied after 5 years, we consider the chance to be almost nil. On the question of these rates we wish to invite attention to the speeches made in the Bombay Legislative Council by Khan Bahadur Allah Bux on the 20th February 1932, and by Khan Bahadur Khuhro on the 11th March 1932 and to the resolutions passed at a meeting of Larkana Muslim and Hindu Zamindars, Jagirdars and Agriculturists under the chairmanship of Sir Shah Nawaz Bhutto in May 1931. On the general ability of the people of Sind to bear more taxes we can do no better than quote from Sir Shah Nawaz Bhutto's speech at the Round Table Conference in the course of which he said : " We shall be questioned by our people. The people have no money and they are already starving and cannot pay more taxes."

7. Our conclusion then is that Sind cannot stand on its own legs for a generation to come, and that any attempt to add to the height of taxation in this period of acute depression, will create serious discontent among all classes of people in Sind particularly among the non-Muslim communities who are generally opposed to separation of Sind from the Bombay Presidency but on whose shoulders a very large part of burden of the proposed taxation is likely to fall.

APPENDIX H.

Memorandum by Mr. E. L. Price, C.I.E., O.B.E.

On Communications in Sind.

1. I am driven by the facts to put Barrage *communications* absolutely first in the Provincial requirements of New Sind.

I cannot believe that anybody conversant with the country and the facts will doubt the need.

The problem, like most of New Sind's problems, is *financial.*

I am aware that the Karachi Chamber of Commerce has been so perplexed by the financial difficulty that it has suggested that part of the finance at least should be taken from the sale-proceeds of Barrage lands.

And the logic that those lands cannot be expected to fetch fullest prices without roads is strong indeed.

On the other hand, the full sale-proceeds of Barrage Lands have been definitely earmarked against the cost of the Project from the very start, and any variation on that head might reasonably be rejected by the Government of India who lent the money and by the Government of Bombay who borrowed it (and remains still liable) as something approaching a breach of faith.

2. Before going into the finance purely from the Sindhi point of view, I wish to put before the Government of India and the Public certain relevant facts which affect incidentally all India but Sind *in her hour of need* most of all.

The Import Duty on Motor Vehicles is a purely Revenue Duty, there being no production of Motor Vehicles (apart from mere " assembling ") in India.

I consider the Import Duty costs the Government of India more than it brings in because the excise or import duty on petrol is worth more to Government than the Import Duties on Motor Vehicles, especially in the case of Motor-Buses and Lorries particularly required in Sind.

The Import Duty on a Motor Bus or Lorry will amount to about Rs. 625 at most. (Cheaper types and *chassis* only will be preferred for Sind, but I take the higher figure so as to be on the safe side.) This Rs. 625 has to be paid in a *lump sum*, cash on importation. A lump sum cash is a form of payment particularly disliked by Indians, specially by the Sindhi. He will more readily pay a larger amount in drips and drabs.

The import duty therefore restricts importation. The Customs Returns confirm this. But if the Import Duty were abolished and the vehicles came in free of duty, the imports and use would be greatly extended and the Government of India would get far more than it gave up out of the petrol $\frac{\text{duty}}{\text{excise}}$ of 8 annas per gallon.

I give figures in support of this contention.

A motor bus or lorry once imported is worked to an extent unparalleled in richer countries, namely, for full 10 hours per day *every day*, Sundays and holidays especially included.

Its average speed will be about 14 miles per hour. This would give a mileage (10 hours at 14 miles per hour for 30 days) of 4,200 miles per mensem.

To be absolutely again on the safe side I will calculate only 3,000 miles per mensem.

Probably only new vehicles so used will do 15 miles per gallon of petrol, but to be on the safe side I will assume that these overworked vehicles average that mileage per gallon throughout their three years of life.

Three thousand miles per mensem at 15 miles per gallon of petrol gives a monthly consumption of 200 gallons, yielding the Government of India Rs. 100 per mensem from the petrol duty/excise. In the three years of assumed life this comes to Rs. 3,600, worth to the Government of India fully five times the original import duty (Rs. 625 cash) sacrificed to entice the vehicle to come in.

The Government of India would accordingly profit on the whole transaction and the removal of the Import duty provided importation rose by anything over a mere 18%.

As the Import Duty, though differentiated, applies also to "Motor-Cars", I will deal with that type of vehicle separately. I am, for safety's sake, not taking into consideration the fact that so many of such cars are used as *taxis* or otherwise hired out and accordingly overworked almost as badly as the buses and lorries.

I take an average import duty at Rs. 750 and assume that the car will only be driven 1,000 miles per mensem and will do 25 miles per gallon of petrol. The life of a car thus treated might well reach 6 years. I will for safety's sake assume a life of only 5 years.

The petrol consumption will be only 40 gallons per month yielding to the Government of India Rs. 20 per mensem; Rs. 240 per annum and in all Rs. 1,200 in 5 years against the original Rs. 750 Import Duty sacrificed to entice the car in.

The Government of India would accordingly profit on the whole transaction and the removal of the Import Duty provided importation rose by anything over 57%.

I am assured by such expert opinion as I can obtain that, if the Import Duties on Motors were taken off, and if the country were adequately supplied with motorable, not necessarily expensive, roads, *importation and use of all three types would certainly double.*

3. Sind, in my opinion, needs Rs. 10,00,000 a year for 5 years for roads in the Barrage area.

I understand that the Roads Sub-Committee of the Sind Communications Board are of the same opinion.* There is no hope of that amount being forthcoming out of the Petrol Tax on the present basis : at the present moment Sind only earns about 1½ lakhs per annum out of the Petrol Tax. Nor is there any prospect of such an amount coming out of (Bombay) provincial Revenues : the Government of Bombay have definitely stated that they are unable to provide any money out of Provincial Revenues for Road construction in Sind.

I am therefore driven to regard the Barrage Area roads programme as a financial *clean slate* with nothing at all yet provided for communications, though without them, (*a*) the lands to be sold cannot be expected to fetch the fullest prices, and (*b*) the crops cannot be adequately marketed.

Criticism kindly afforded me by helpful friends during the preparation of this Memorandum shows me that some further simple explanations are needed.

The " life " of a motor-vehicle is of interest (I have to disregard the Owner in this connection) to the Government of India only, and then only while the Import Duties are maintained.

For Sind the vehicles might be " immortal " with advantage, for the older and more ramshackle the vehicle is, the more petrol will it consume.

The number of vehicles to be enticed in by Roads as against the number to be kept out by the Import Duties is difficult to estimate. *Without the duties*, I can but calculate that the New Sind Roads might entice in 2 motor-buses or lorries per motorable mile, plus one " private " car.

I prefer however to base my estimates on the more likely supposition that the existing " Revenue " Import Duties on Motor Vehicles will be maintained, and that the Roads of New Sind will be allowed to entice in only one motor-bus or lorry and ½ one " private " car per motorable mile.

The cost of making roads in the Barrage Area is another matter difficult to estimate.

I learn that the cost of the Malir-Kotri Road is estimated at only Rs. 1,500 per mile. This can hardly include culvert and bridge work, unless some " bargains " in existing structures are available.

The Roads in the Barrage Area will need mainly to converge on the two main lines of Railway. They will have to be like herring-bones with the Railway Lines as the back-bone.

I am aware that, thanks to the admirable foresight of the Barrage Engineers, many Bridge facilities have been included in the Canal construction work. But these facilities were provided before the Roads plan was made. They cannot cover all the necessities of the case.

I therefore estimate the average cost per mile at Rs. 2,500.

If the Experts and Contractors can reduce that figure, all the better for New Sind. I shall be only too pleased to be proved wrong.

On these assumptions I get as follows :—

First Year.—Borrow Rs. 10,00,000. Construct 400 miles of roads, thus enticing in 400 motor lorries and/or buses and 200 " private " Cars despite the discouragement of the Customs Import Duties.

Second Year.

Consumption of petrol—	Gallons.
By 400 motor buses/lorries	9,60,000
By 200 " private" Cars	96,000
	10,56,000
@ 2 anns per gallon (less 10%) Road Fund for Sind ..	Rs. 1,18,800

Borrow further Rs. 10,00,000, making total debt Rs. 20,00,000. Construct further 400 miles of roads making now 800 miles, enticing in further 400 motor buses and/or lorries making total running 800, and further 200 " private " cars making total 400.

Third Year.

Consumption of petrol—		Gallons.
By 800 motor buses/lorries	..	19,20,000
By 400 " private " cars	..	1,92,000
	Gallons ..	21,12,000

@ 2 annas per gallon (less 10%) Road Fund for Sind .. Say Rs. 2,37,000

At this point it would be advisable to take new stock of the position. It might be found that on Barrage agricultural development it was necessary to intensify progress in road-making. It might be found that it was more advantageous to go more slowly. I believe the former is more likely. But I would not be so incautious as to rule out the possibility of the latter.

But, at all events, by the third year I have Rs. 20,00,000 of new debt, 800 miles of new roads, and a permanent new income of Rs. 2,37,000.

If it is necessary to set aside even as much as Rs. 125 per mile* *per annum* for maintenance and repairs, costing Rs. 1,00,000—I still have Rs. 1,37,000—for payment of interest and sinking funds, this quite apart from any other source of help within the province,—all *new* roads and *new* money for *New* Sind.

I understand that the " Road Fund " will run out in 1934 unless renewed.

The petrol Duty/Excise being a tax reserved to the Central Government, the Provincial 2 annas (less 10%) of course cannot be imposed without Imperial sanction. But the necessities of the case of Sind are such that I am clear that the necessary sanction will be allowed to *Sind* even if the Road Fund in other Provinces is allowed to lapse.

4. I may be told that the use of " Road Fund " for this Barrage Area construction is not quite in accordance with the Rules.

It is no use putting *Rules* against *Necessity*.

" Nice customs courtesy to great Kings ".

It seems insufficiently understood that we are on the verge of an *Economic Revolution* in Sind. We stand economically in 1932 exactly where Egypt and the Lyallpur District stood forty years ago in 1892.

If existing " Rules " stand in the way, they must be altered or at least suspended for 5 years in their application to New Sind.

We have 90 years of arrears in roads to make up in 5 years.

There is admittedly no means of tackling the vital problem of communications in Sind except by some such system of *borrowing*.

*This like the original cost would largely depend on the proportion where metalling was necessary.

Cash from Revenue on the scale required cannot possibly be secured either in Sind or in Bombay. Unless we can make up these arrears of 90 years in 5 years, so as to synchronise the developments of production and transport within the Barrage Area, the success of the whole Barrage project will be jeopardised, and (even with more luck than looks likely in the markets for primary products) the Barrage benefits anticipated can never accrue as they should do either to the people of Sind or to its Government.

More might be added as to the general need of communications for efficient and economical administration.

" Transport is Civilisation ".

But the case for Provincial roads in Sind has been before Governments on the *civilisation* argument for nearly 90 years with little result.

I stick therefore to the economic argument, to the *necessity* argument, that roads in the Barrage Area are essential because without them (*a*) the lands to be sold cannot be expected to realise the fullest prices, and (*b*) the crops cannot be adequately marketed.

APPENDIX I.

Historical Note on Land Revenue Assessment in Sind by Mr. H. Dow, C.I.E., I.C.S., Revenue Officer, Lloyd Barrage and Canals Scheme.

The Bombay Land Revenue Code applies to both the Presidency and Sind, and lays down in Section 107 that in revising assessments of agricultural land, regard shall be had to the profits of agriculture. The Bardoli Report has drawn attention to the fact that the Land Revenue Code does not state what share the State is to take of the "profits of agriculture". A recent official pronouncement on the subject is contained in paragraph 5 of G. R. 1790/24 of 13th May 1927 in which it is stated that "the Governor in Council considers that he may appropriately adhere to the present practice of regarding 50% of the "rental value" as the maximum limit of the proportion which the State is entitled to take, and that this is a principle which should be be embodied in the law on the subject. Section 100 of the Land Revenue Code should be modified accordingly". But no such modification has yet been carried out.

2. The purpose of this note is to examine the theories that have been held and the practice that has been followed, with regard to the fixing of assessments in Sind since the British occupation. The Talpur rulers took a varying share of the gross produce of the fields which generally varied from one-fourth to one-third on canal irrigated lands, and was still higher for lands which were naturally flooded. The most usual form in which these rents or assessments were levied was 'batai', an actual share of the crop, but it was sometimes commuted into cash. In a very interesting report written in 1847 on the Chandookah Purgana, which corresponds to the present Larkana sub-division, Lieutenant Hugh James enumerates four methods in which assessments were levied. The first was *batai*, which varied from one-fourth to half and was usually two-fifths. The second was known as *kasgi*, which was a rent collected in grain, but estimated according to the acreage cultivated and not according to the actual amount of crop grown. The usual rate was 7 kasas per bigha, (a bigha is about half an acre, and there are 60 kasas to a kharar, which is equal to 29½ English bushels). The third method was known as the Eri Rakab, and was a commutation of the kasgi into cash. The fourth method was actual cash rents, which varied from Rs. 3 to Rs. 5 per bigha. When it is remembered that these levies, whether of batai, kasgi, or eri rakab, were made on the gross produce of the field, the heaviness of their incidence is apparent. Lieutenant James also enumerates a large list of other customary exactions which were levied in addition. There were the shakranji, measurers' fees and patwarees' fees, and tahsildari on lands paying cash rent, batai fees at so much per kharar and also on each name entered in the batai records, fees for weighment and for the payment of watchmen, and also the kotwal's fee.

3. There was a great divergence in the actual shares or proportion of produce taken in different places and for different kinds of cultivation, and indeed only one principle emerges quite clearly. That is that the Talpur Ameers took all they could get, and frequently ruined the best lands by taking so much that cultivation became unprofitable. On gardens in Chandookah the share levied was usually five-sixths of the gross produce and never less than one-half, and it became unprofitable to attempt to grow anything but date groves which needed little attention. The prevailing theory and practice undoubtedly was that

the Talpur rulers were the owners of the soil and had a right to draw as much revenue from it as they felt it politic, or felt themselves powerful enough, to do. The earlier Talpurs made a few grants (the later Talpurs made them more freely) of revenue free grants to their supporters, who were mostly Baluchis. The origin and subsequent history of these "jaghirs", as they were called, has been dealt with at length, though somewhat untidily, in the History of Alienations in Sind, compiled under the authority of Government in 1878 and printed in 1886. It is not necessary to refer to them further here. For the rest, the Talpur Amirs most frequently farmed out the revenues to zamindars, whose only right was to collect the revenue due to the State from the actual cultivator and to pay over to the Talpur Amirs the sum for which they had taken over the farm. This system provided no check upon oppression by the zamindar, who was left free to collect what he could so long as he paid the stipulated sum into the treasury, and the zamindar himself, though he or his family might continue to farm the same land for many years had no security of tenure, but was always liable to be displaced by the acceptance of a higher bid from a rival or from a new-comer.

4. With the conquest of Sind in 1843, the British Government stepped into the position of the Amirs' Government, and all revenues or dues hitherto payable to the Talpur Amirs became payable to the British Government. Attempts are even now sometimes made to argue that the zamindars originally had allodial rights in the land of which the British Government have deprived them. There was nothing in the Talpurs' practice to support this claim. Even the jaghirs held by the Talpur and other Belooch chieftains were held at the pleasure of the Talpur rulers and were frequently cancelled when the holders fell into disfavour. It is not conceivable that the ordinary zamindar should have been regarded as having a more permanent and inalienable interest in the land than the favoured grantees belonging to the dominant aristocracy. It is not helpful to trace the history of land tenure back to before the Muhammedan invasion of Sind under Muhammed Kasim in 711 A. D. when it is alleged that allodial rights existed under the Rajput feudatories. Whatever tenures or rights in land may have existed in those dim days,—and we know very little about them—, at the time of the British conquest of Sind, the zamindar, as the British found him, had lost any privilege except the right to claim a certain share of the grain produced within the area cultivated by men who tilled under his directions in return for his collection and due payment of the State share of the produce.

5. The variety of the pitch of assessment at the time of the conquest has been mentioned. The British administrators from the beginning attempted to avoid the capriciousness of the old assessments and at once reduced the *maximum* Government demand to one-third of the gross produce of the land. But the ascertainment of existing practice was still necessary, and this was a matter calling for careful enquiry and detailed study of a kind which Sir Charles Napier, with his preference for rough and ready methods was ill fitted to carry out. Sir Charles Napier was not unduly favourable to the pretensions of the zamindars: he regarded them merely as intermediaries and was anxious to deal wherever possible with the actual cultivators of the land. But he did comparatively little to carry these ideas into execution, and although some of his officers made careful inquiries into prevailing customs, little was done to evolve

order out of the existing chaos, and when H. E. Sir George Clerk visited Sind at the close of Sir Charles Napier's regime, he found the collection of revenue to be mainly in the hands of the subordinate native officials, whose exactions were uncontrolled. Sir G. Clerk's ideas, contrary to those of Sir Charles Napier, were in favour of making more use of the zamindars, or other persons such as heads of tribes or " muccadams " who had influence or authority over the actual cultivators, for the collection of the revenues. By making agreements with these for a term of years, the Government collectors and deputies would, he thought, be relieved of much detailed work and be better able to get a clear view of the whole system and work out a more permanent arrangement.

6. One of the first things to which attention was devoted was the substitution of money payments for batai. Sir C. Napier had himself, at any rate by 1846 when his " Revenue Regulations " were issued, recognised the advantages of money payments over batai, but he had not been very successful in carrying out the change. He had even authorised the grant of land in " fee simple " on payment of the estimated value of the Government share capitalised at twenty years' purchase ; little advantage however was taken of this and the practice was forbidden by the Bombay Government in 1856. In pursuance of the ideas favoured by Sir G. Clerk, Napier's successor, Mr. Mansfield, introduced a seven years' settlement, the assessments being based on the cash value of the Government's batai share, and fixed for seven years. These settlements were introduced wherever opportunity occurred in 1847-48, and expired in 1853-54, when there was a universal demand on the part of the land holders for reversion to the old system of payment by batai, on the ground that the cash assessments were oppressive. And that they undoubtedly were, is indicated by the following list of the *average prices realised for all grains taken by Government* as batai and sold.—

	Per kharar. Rs.
1847-48	30 to 35
1848-49	23
1849-50	15·4
1850-51	12·4
1851-52	9·12

The very high prices prevailing in 1847-48 were due to the Punjab Wars, and it was on these that cash assessments had been fixed. It is no wonder that when prices had fallen to less than one-third that level that the cash assessments were found oppressive. The heaviness of these cash assessments during the later years of the seven years' settlement was aggravated by the fact that no remissions were allowed except for damage caused by floods. It was Mr. Frere who later laid down the principle that whenever loss occurred to the zamindar, whatever the cause, the cash assessment should be set aside and the crop should be bataied.

7. When these seven years' settlements came to an end in 1853-54, Mr. Frere, who had been Commissioner in Sind since 1851, proceeded to introduce what he called a Rough Survey into Sind. Detailed instructions were issued for the preparation of maps and the recording of rights over land, and it was

Mr. Frere's intention that this rough survey should be the preliminary to a regular revenue survey and a permanent fixing of the assessment. Wherever possible Mr. Frere was anxious to get rid of batai and substitute assessments in cash. He had no objection to a long period of guarantee " whenever the cultivator wishes to secure a lease, either of a village or any portion of it, with a view to secure himself against any enhanced assessment in consequence of improvements which he may make in the land, every encouragement should be afforded him to do so, for terms not exceeding 30 years". In March 1854 Mr. Frere ordered, " No settlement should be made for more than one season unless at the express desire of the people. The lease was intended to bind Government, and prevent the assessment being raised as the produce increased, or cultivation extended. It was intended to be a safeguard to the cultivator against over-assessment, and not to tie him to an onerous assessment ; and if he does not desire such protection, or cannot see its efficacy it should not be imposed as a condition."

Elsewhere Mr. Frere thus explains the objects of his Rough Survey and Settlement.—

> " That object, in so far as the Government Revenue is concerned is, on the one hand *first* to fix a limit to the Government demand and *second* on the other to define who is to pay that demand ; thereby securing the zamindar from unjust exaction and the Government from loss of revenue."

But it does not appear that Mr. Frere made any attempt to lay down *what the Government share of the produce ought to be.* He is constantly advising moderation and even leniency, but the only standard is *what was done before,* which appears to be taken as a maximum and generally reduced.

8. This Rough Survey and Settlement turned out to be a much longer and more troublesome business than had been contemplated. To start with there was so little local knowledge available that it was difficult to lay down rules that were at once sufficiently precise and suitable to local conditions, and as many of the officers working on the survey had been trained in the Dekhan survey, the " rough " survey became too much tied up with Bombay principles and methods, which were really quite inapplicable to Sind. The great drawback was the failure to notice the fundamental difference between irrigated and other land, and the attempt to classify different modes of irrigation as if they were different qualities of soil led to absurdities. *E.g.*, Captain Pelly in 1854 gives a classification of ten different sorts of Sind soils, in which modes of irrigation such as sailabi, moki, charki, appear side by side with descriptive adjectives like kacho, chiki, dangar (dangachhi), as different kinds of soil, and their average depths and general characteristics are given and contrasted. It is, of course, true that the mode of irrigation has its effect on soils and that lands which owing to their situation are exposed to frequent natural flooding may be found different in texture and composition from other lands. But a classification that treated lift and flow lands as intrinsically different owing to variable accidents of command was on the face of it absurd. So little were the correct principles of soil classification understood that it was possible for the head of the Sind Revenue Survey in the course of an official report in 1857 to make the extraordinary statement that " Rice is chiefly grown in charki (*i.e.* lift) soil, and is moki (*i.e.*, flow) cultivation."

9. The Sind Revenue Survey at this time was recruited largely whose previous training, if any, had been in the Deccan Survey, and their attempts to make the facts of Sind fit into the theories and practice of the Deccan were a failure. Almost invariably they failed to realise that the facility for irrigation and the cost of irrigation were the dominant features which should decide what assessment lands in Sind could pay. For many years therefore, lands settled on wells were assessed more highly than lands irrigated from canals, and lift lands more highly than flow, apparently because the lands and the crops were usually better. It does not appear to have occurred to the assessing officers that the cost of watering land by well or by lift was high, and that therefore such irrigation could be profitable only when applied to the best lands and combined with laborious effort. It is true that attention was drawn to this fact in a report by Captain Day, Settlement Officer, Rohri, in 1857. He says " In regard to the assessment one thing has surprised me much, that well lands have been rated so very much higher than lands which are watered by natural irrigation or inundation. I have no doubt that the produce is superior in the former case but the expense of raising it is so very much greater, and this must act as discouragement to the sinking of wells. I observe, moreover, that the people among themselves arrange matters differently; they take care to demand a smaller share in case of well land than in *bosi* ones." But Captain Day was a junior officer, and no one appears to have taken very much notice of his remarks. It was not till the early years of this century that the principle that lift rates should be lower than flow was generally admitted.

10. Mr. Frere was himself an officer who came to Sind from the Deccan, and it is probably due to his familiarity with the Bombay land revenue system that his instructions issued from time to time to survey officers never lay down what the proportion Government was entitled to take of the net or gross produce ought to be. The Talpur system, to which the British Government succeeded and on which British practice purported to be based, went on the principle that the Government was entitled to a definite share of the gross produce, though that share was not the same in all places and conditions. Mr. Frere abandoned this theory, while still taking existing practice as the basis of his assessments, and since his days settlement officers have been without any clear guiding principle. Settlement officers have based their settlements on the last settlement. Anomalies have from time to time been got rid of, and experience has gradually led to a general levelling down of assessments: but the principle underlying the Talpur practice has been almost wholly obscured.

11. Mr. Frere's settlement officers had first of all to mark out the limits of villages, then to measure the fields, fit them into the map, classify the soils, and then to make the settlements. But by 1862 only about one-third of Sind had been surveyed in this way at a cost of 8½ lakhs, and no settlements had been made. In 1862 a Settlement Officer was appointed from Bombay to draw up a regular scheme of classification of soils and settlement, and between that date and 1864-65 the "*Original Settlements*" were introduced. These original settlements were the last step in the Deccanisation of the Sind system. Under them, land was classified with reference both to soil and water supply, and by adopting the " diffused rate " system Sind was made to conform to the Bombay practice under which land revenue was leviable every year on all land.

The land was divided into large survey numbers, of each of which it was assumed that a certain proportion would remain fallow each year, and a rate of assessment which took this proportion of fallow into consideration, was leviable on each number each year. The system broke down because zamindars cultivated the whole of a survey number in one year without any fallow, thus paying a very light acreage assessment, and then relinquished the number entirely in the years in which it lay fallow, taking up and cultivating other vacant land in its place in the same way. Thus these original settlements proved so detrimental to the revenue that they had to be abandoned, and in 1875 the " Revision Settlements " were introduced.

12. Under the *Revision Settlements*, smaller survey numbers were formed, classified according to soil and irrigation, and an assessment fixed on each survey number to be paid only when the number was cultivated. The zamindar was allowed to retain a lien over his lands during a certain prescribed fallow period which varied from one fallow in four years for rice to three fallows in four years for kharif lift lands.

But Sind settlement officers had not yet shaken themselves free from the influence of the Bombay system, which demanded a detailed soil classification. The time taken by these soil classifications was so great that the introduction of the revision settlements was delayed to the detriment of Government revenue, and this fact led to the introduction of the Temporary Settlement, introduced experimentally in 1881.

13. Under the *Temporary Settlement*, the detailed classification for soil and water was abandoned, and rates of assessment were fixed according to the source and mode of irrigation immediately on the conclusion of survey operations in a taluka. The Temporary Settlements proved very acceptable to the zamindars and led to a great increase of cultivation and so to increased revenue. The name was changed from " Temporary " to " Irrigational Settlement " and although the rules regarding them have since been modified from time to time, the system remains substantially unchanged, and these irrigational settlements, revised from time to time, are in force in Sind to-day.

The only vestige of the old soil classification retained in Sind settlements today is in the grouping. The villages of a taluka are in a modern settlement frequently classified into two or more groups, and quality of soil is *one* of the factors that enters into grouping. But the group is a large unit, sometimes embracing the whole or the greater part of a taluka, and no attempt at detailed soil survey is made.

14. The more recent history of the detailed soil survey may be given here. When the Sukkur Barrage Project was seriously taken up fifteen years ago, it became necessary to ascertain what proportion of the vacant lands which would be brought under command were culturable lands, and whether they were of good or indifferent quality. The records of the old classification by the Sind Survey Settlement Department were in many cases available, but on examination the work was found to have been so badly done that there was no alternative but to do it over again. Government therefore in 1917-18 appointed Mr. C. M. Baker and Mr. C. M. Lane to make a new classification of the unoccupied lands which would come under the Sukkur Barrage Canals. They

spent two seasons over the work, the land being only roughly classified as good, poor but culturable, culturable only with rice, and unculturable. Mr. Baker, at least, had an unrivalled knowledge of Sind soils, but he had to work with a large staff of classers whose qualifications for the work were not great.

While the classification has proved of great value for the purpose for which it was undertaken, it is undoubtedly more reliable in its broad results than in its details. The correct classification at sight of Sind soils is really a very difficult matter, upon which expert Sind zamindars will frequently disagree or will be unwilling to give a definite opinion.

15. Mr. Baker, however, was still of opinion that it might be possible to carry out, at a reasonable cost, a detailed number to number soil survey which might form the basis of settlement operations. Fortunately he was permitted by Government to put this to a test, and in 1922-23/1924-25, he attempted to carry out a detailed survey of two talukas, one (Labdaria) selected because it was thought to be particularly easy, and the other (Kandiaro) as being a difficult one. In both cases Mr. Baker himself came to the conclusion that the task was an impossible one, and Government have apparently acquiesced in his conclusion. The question of making Sind assessments depend on a detailed soil classification is not likely to be revived in the near future by any one having knowledge of the intrinsic difficulty of the operation.

16. The influence of the Bombay land revenue system on that of Sind, as already pointed out, has led to the fact being obscured that the Government assessment in Sind, deriving from Talpur practice, was based on Government's rights to a definite share of the produce. The assessments fixed by the officers of the old Sind Survey Department seem to have based on the facts as they found them, corrected by reference to no clear principles. Collectors of districts, regarding the officers of the Survey Department as experts, formally forwarded their settlement reports to Government without any critical review of their proposals. As time passed and talukas came under resettlement, the settlement officer merely based his proposals on the last report, assuming that that must at any rate have been all right at the time that it was written.

17. Sir Evan James, who was Commissioner in Sind from 1891 to 1900, was less willing than his predecessors to accept the recommendations, often entirely unsupported by reasons, of the Survey Officers, and began to reject their proposals and to give the work to young civilians to do afresh. One of the first officers of the Indian Civil Service to be given such a task was Mr. C. M. Baker, who has stated that all the advice he got from his Collector on the subject was "just put on four annas all round—that's what they mean by revising a settlement." No clear principles were laid down for the guidance of officers, and the general result has been that, though later settlement reports are often full of valuable information bearing on the economic condition of the taluka with which they deal, there has been no clear nexus between this information and the rates imposed, which have usually been fixed arbitrarily, either with reference to the rates prevailing in the expiring settlement, as by comparison with the rates in force in adjoining talukas. If the general condition of the taluka appeared to be prosperous, rates were put up

by a few annas, without much consideration of why they should not be put up by as many rupees : if the general prosperity of the taluka appeared to be declining, rates were put down a few annas, without enquiry whether a far greater decrease was not necessary to arrest the decay. As the general trend during the period has been one of increasing prosperity and rising prices, the process has generally meant a decrease in Government's share of the produce with a general acceptance by the zamindar of the arbitrariness of assessments which has told in his favour. Thus the whole pitch of assessments in Sind has become very low, whether they are compared with those levied on similarly canal irrigated lands in the Punjab or with those levied in the rainfall irrigated lands of the Deccan and Gujrat. At the same time, while the assessment on most lands has become far too low, owing to the natural timidity of settlement officers who have had no clear principle to guide them, the assessment on some lands has for the same reason remained too high. Thus the rabi barani rate fixed in the Sakrand Settlement which was in force from 1890 to 1921 was the absurdly high one of Rs. 2-4-0 per acre, and was actually the same as the rice rate for the same group.

18. This lack of guiding principle has not of course remained unnoticed by all the settlement officers whom they should have directed. Mr. Baker in his proposals for the settlement of the Jacobabad taluka, submitted in 1905, attached a statement of the results of crop experiments with a calculation of what the assessments would be if fixed in each case at 40 per cent. of the khatedar's net assets, which he considered to be a fair rate. Though his report makes it clear that he tested his rates with reference to this statement, he did not press for any general adoption of the 40 per cent. standard, and the Commissioner in Sind's forwarding letter makes no mention of this standard, and indeed proposed variations, which were accepted by Government, in the direction of reducing the lift rate " by 4 annas all round ", and increasing the *bosi* rate by " 4 annas all round ".

19. In 1909, Mr. Covernton submitted settlement proposals for the Dadu taluka on which Mr. Baker, then Collector of Larkana, wrote as follows :—

> " Instead of evolving the settlement rates from his inner consciousness in the old-fashioned way, Mr. Covernton has followed a more practical method. He has taken the trouble to find out what the crops are really worth to the zamindar, and then fixed, or at least tested his rates by reference to the figures thus arrived at, his assumption being that the assessment should be about one-third of the net produce (in other words of the zamindar's share). The question is whether this assumption is justified. There are no Government orders as to what the standard should be, and I believe no other Sind Settlement Officer except myself has ever considered the question. The standard on which I used to base calculations was 2/5ths of the zamindari share ; but I regarded that rather as a maximum and tried to keep well within it.
>
> " In the zamindari provinces of India the standard is commonly half or two-fifths of the zamindar's assets. But then these assets

are mostly in the form of cash rents, and the figures represent what the zamindar actually gets. In Sind our figures can only be estimates and averages, and we must have one rate for bad fields and good fields in the same deh. It follows that our standard must be lower.

"Mr. Covernton's standard of 1/3rd, which has the advantage of differing little from prevailing rates in Sind, seems to me a fair one. It is true that the Mirs took 1/3rd of the gross produce as it really was each year; they did not attempt to take in a bad year 1/3rd of what the gross produce would be in a normal year. Besides the high rate was a good deal toned down by concessions on one side and peculation on the other."

Neither the Commissioner in Sind in forwarding this report to Government nor Government in passing its orders, made any reference whatever to the standard with reference to which the rates purported to have been fixed.

20. One further quotation may be given. Mr. Hudson, as Collector of Larkana, forwarding the Mehar settlement report in 1915, said :—

"What we 'must be guided by' is the main problem that confronts all Sind Settlement Officers. A perusal of many of the reports would lead one to believe that the usual method is to presume that the existing rates were divinely inspired at the time of their introduction, and that all the Settlement Officer has to do is to add a little or substract a little to suit any improvement or deterioration that has taken place since they were introduced. This is quite an easy way of doing it, but it presupposes a great deal, specially when one remembers that the old Settlement Officers frequently gave no reasons whatever for their 'inspired' rates. In the case of Dadu, Mr. Covernton adopted a more scientific method. He endeavoured to find out what the crops were really worth to the zamindar, and *assumed* that one-third of the net produce was the proper assessment rate. His rates were accepted, but though the Collector (Mr. Baker) drew special attention to this novel method, neither the Commissioner nor Government expressed approval of the method or explicitly ratified the assumption that Government's share should be one-third. Personally I think the method an infinitely preferable one to the old-fashioned way (which Mr. Baker described as 'evolving the settlement rates from one's inner consciousness') but it requires in my opinion a mass of reliable data in the form of crop experiments which are not available in the present case."

But again neither the Commissioner in Sind nor Government made any reference to Mr. Hudson's implied criticism of their reticence, and both the Commissioner's forwarding letter and Government's order of sanction were silent regarding the standard with reference to which settlement rates ought to be fixed.

21. It may here be stated that there is among the "Commissioner's Special Circulars" one that purports to lay down instructions for the guidance of Settlement Officers. This also is silent on the one vital point of what the Government share should be, though there is one passage in which the 40 per cent. standard is hinted at. The passage runs "Thus if there are two groups A and B, and in A the ratio of existing assessments to rents appears to be 40 per cent. while in B it appears to be 25 per cent., it will be necessary (other things being equal) to propose enhancements for group A with much greater caution and circumspection than in group B. And the Settlement Officer should always record, for the information of Government, what he considers to be the ratio of incidence of his proposed assessments on the rents as ascertained by him."

22. The preceding paragraphs may now be summarised. The Talpurs levied a definite share of the gross produce as land revenue. In the earlier period of British administration the severity of the Talpur system was much mitigated, but owing to the influence of officers familiar with the Bombay land revenue system the basis of the system became obscured. Mr. Baker and other officers who have followed him, in their search for a reasonable basis for assessments have gone back to the Talpur claim of a definite share of the produce, but have substituted a percentage of the net produce to the zamindar for the old claim of a share of the gross produce of the field. The principle brought forward by Mr. Baker in 1905, was that the maximum assessment to be levied from the zamindar should be 40 per cent. of the zamindar's net produce. Although in the absence of any declaration of Government's views on the matter, later settlement officers have not always considered it obligatory to follow this principle, yet those who have tried to base their rates on any definite principle have followed this. It may now be said that Government by their continued acceptance of settlement proposals based on this principle have accepted the principle, which is now part of the settlement law of Sind.

23. Nor does it seem that any acceptable basis can be found for Sind rates of assessment except by a reversion to Talpur practice in asserting Government's right to a definite share of the produce. It has been shown in the early part of this note that the Talpur share was a share varying from one-half to one-fourth of the gross produce of the field (not a share of the net produce or of the zamindar's share only). If the question be raised of the amount of the share to which Government may justifiably lay claim, no Sind zamindar is likely to appeal to Talpur precedents; the Talpur assessments were obviously heavy, as may be seen by a reference to modern assessments in Khairpur State where the old practice has remained in essentials unimpaired. Yet Talpur practice would appear to be the only thing to which a Sind zamindar objecting to the standards fixed by Government in Sind could legitimately appeal.

24. The determination of "the net assets" of the zamindar in Sind does not present the same difficulties as in the Presidency proper, nor is it necessary to discuss whether for that phrase might not be more fitly substituted "profits of agriculture", "rent", or "annual value". Owing to

practically universal prevalence in Sind of produce rents the term net assets is one that is readily understood and the net assets are capable of sufficiently precise determination. The zamindar gets as his rent from the cultivator a definite share of the produce, and the few expenses such as clearance borne by the zamindar are similarly fixed by custom and can be readily estimated. The determination of the net assets is therefore almost entirely a matter of keeping and tabulating proper data of the outturn of crops and the movements of prices. The principal matter to which attention must be devoted in Sind if settlement proposals are to be put on a satisfactory basis is the preparation and constant maintenance of a reliable record of outturns and prices.

APPENDIX J.

Statement showing average whole-sale prices per maund of principal agricultural commodities in the Barrage Talukas in Sind for four periods.

Period.	Paddy.	Cotton.	Juar.	Bajri.	Wheat.	Oil-seeds.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs a. p.	Rs. a. p.
1928-29	3 9 0	10 13 0	4 3 0	5 4 0	5 14 0	7 3 0
1930-31	1 14 0	5 6 0	2 6 0	2 15 0	2 7 0	3 0 0
January 1932 ..	1 8 0	8 10 0	2 2 0	2 7 0	2 14 0	3 11 0
April 1932 ..	1 8 0	6 3 0	1 15 0	2 4 0	2 5 0	3 3 0

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Indian Round Table Conference

(SECOND SESSION)

7th September, 1931—1st December, 1931

PROCEEDINGS

OF THE

PLENARY SESSIONS

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January, 1932.

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INDIAN ROUND TABLE CONFERENCE

(SECOND SESSION).

INTRODUCTORY NOTE.

The first Session of the Indian Round Table Conference was held between 12th November, 1930, and 19th January, 1931. The proceedings were presented to Parliament in Cmd. 3778 of 1931. The second Session of the Conference, with which this present volume is concerned, was held between 7th September and 1st December, 1931. Thirty-one additional members were appointed to the Conference for its second Session. In accordance with paragraphs 2 and 3 of the agreement reached on the 5th March, 1931, between His Excellency the Viceroy and Mr. Gandhi, the Indian National Congress was represented, Mr. Gandhi attending as the sole representative.

2. The second Session did not open with a meeting of the full Conference. The Federal Structure Committee was reassembled on the 7th September and the Minorities Committee on the 28th September, followed by a Plenary Session beginning on the 28th November, 1931. The other Committees of the Conference were not reassembled. The personnel of the Federal Structure Committee and Minorities Committee was somewhat enlarged.

3. The Lord Chancellor placed before the Federal Structure Committee the following Heads for further consideration in continuation of their deliberations at the first Session:—

(1) Strength and composition of the Federal Legislature, including the proportions in each Chamber to be assigned to the States and to British India respectively.

(2) Direct and indirect methods of election.

(3) Relations between the two Chambers.

(4) Distribution of financial resources between the Federation and its Units.

(5) The Ministry, and its relations with the Legislature.

(6) Distribution of legislative powers between the Federal and Provincial Legislatures; effect in the States of legislation relating to Federal Subjects.

(7) Administrative relations between the Federal Government, the States and the Provinces.

(8) The Federal Court.

On Heads (1) to (4) and (8) the Committee presented a Report, which is their third Report. Owing to the failure of the Minorities

Committee to reach any solutions of the problems under their consideration (see paragraph 5 below), it was not found possible to have more than a partial discussion on heads (5) to (7) and the Committee presented no report in respect of these matters.

4. The Committee further considered the subjects of Defence (in its constitutional aspects), External Relations, Financial Safeguards and Commercial Discrimination, and presented its fourth Report dealing with these questions. As explained in the first paragraph of the fourth Report, the Committee, in discussing these subjects, did not have the advantage of hearing the views of an important section of its membership.

5. The Minorities Committee were unable to reach any agreed conclusions on the subjects under their consideration and reported to that effect in their second Report.

6. A Plenary Session of the Conference was held from 28th November to 1st December, 1931, to receive the third and fourth Reports of the Federal Structure Committee, the second Report of the Minorities Committee, and to discuss the whole field of the work of the Conference. The proceedings of the Plenary Session are given on pages 9 to 300. The Session was concluded with a declaration by the Prime Minister explaining the Government's policy (see pages 288 to 295).

7. The reports of the Sub-Committees are printed in one volume and the proceedings of these Committees in three separate volumes.

INDIAN ROUND TABLE CONFERENCE

(SECOND SESSION).

LIST OF DELEGATES.

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MR. ISAAC FOOT, M.P.

[1] MR. H. GRAHAM-WHITE, M.P.

[1, 2] THE RIGHT HON. VISCOUNT HAILSHAM.

SIR ROBERT HAMILTON, M.P.

[2] THE RIGHT HON. ARTHUR HENDERSON, M.P.

THE RIGHT HON. SIR SAMUEL HOARE, BART., G.B.E., C.M.G., M.P.

THE RIGHT HON. SIR WILLIAM JOWITT, K.C., M.P.

THE RIGHT HON. H. B. LEES-SMITH, M.P.

THE MOST HON. THE MARQUESS OF LOTHIAN, C.H.

THE RIGHT HON. EARL PEEL, G.B.E.

[1] MR. F. W. PETHICK-LAWRENCE, M.P.

THE MOST HON. THE MARQUESS OF READING, G.C.B., G.C.S.I., G.C.I.E., G.C.V.O.

THE RIGHT HON. LORD SANKEY, G.B.E.

[1] THE LORD SNELL.

MAJOR THE HON. OLIVER STANLEY, M.C., M.P.

[2] THE RIGHT HON. J. H. THOMAS, M.P.

THE MOST HON. THE MARQUESS OF ZETLAND, G.C.S.I., G.C.I.E.

INDIAN STATES' REPRESENTATIVES.

[2] COLONEL HIS HIGHNESS THE MAHARAJA OF ALWAR, G.C.S.I., G.C.I.E.

HIS HIGHNESS THE MAHARAJA GAEKWAR OF BARODA, G.C.S.I., G.C.I.E.

LIEUTENANT-COLONEL HIS HIGHNESS THE NAWAB OF BHOPAL, G.C.I.E., C.S.I., C.V.O.

LIEUTENANT-GENERAL HIS HIGHNESS THE MAHARAJA OF BIKANER, G.C.S.I., G.C.I.E., G.C.V.O., G.B.E., K.C.B., A.D.C.

[1] HIS HIGHNESS THE MAHARAO OF CUTCH, G.C.S.I., G.C.I.E.

---

[1] Additional Delegate appointed for Second Session.
[2] Did not attend the Second Session.

INDIAN STATES' REPRESENTATIVES (*contd.*).

LIEUTENANT-COLONEL HIS HIGHNESS THE MAHARAJ RANA OF DHOLPUR, G.C.I.E., K.C.S.I., K.C.V.O.

[1] HIS HIGHNESS THE MAHARAJA OF INDORE.

[2] COLONEL HIS HIGHNESS THE MAHARAJA OF JAMMU AND KASHMIR, G.C.I.E., K.C.V.O.

[1] COLONEL HIS HIGHNESS THE MAHARAJA OF KAPURTHALA, G.C.S.I., G.C.I.E., G.B.E.

[6] LIEUTENANT-COLONEL HIS HIGHNESS THE MAHARAJA OF NAWANAGAR, G.C.S.I., G.B.E.

[7] MAJOR-GENERAL HIS HIGHNESS THE MAHARAJA OF PATIALA, G.C.S.I., G.C.I.E., G.C.V.O., G.B.E., A.D.C.

HIS HIGHNESS THE MAHARAJA OF REWA, G.C.I.E., K.C.S.I.

HIS HIGHNESS THE CHIEF SAHIB OF SANGLI, K.C.I.E.

[1] THE RAJA OF KOREA.

[1] THE RAJA OF SARILA.

SIR PRABHASHANKAR PATTANI, K.C.I.E.

[8] SIR MANUBHAI NANDSHANKAR MEHTA, C.S.I.

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SIR SHAH NAWAZ KHAN GHULAM MURTAZA KHAN BHUTTO, C.I.E., O.B.E.

---

[1] Additional Delegate appointed for Second Session.
[2] Did not attend the Second Session.
[3] Also represents Jaipur and Jodhpur States.
[4] Represented H.H. the Maharaja of Jammu and Kashmir at the Second Session.
[5] Substitute Delegate for His Highness the Maharaja of Patiala.
[6] Did not attend Second Session, but was represented by Mr. L. F. Rushbrook Williams.
[7] Did not attend Second Session, but was represented by Nawab Liaqat Hayat Khan.
[8] Also represented H.H. the Maharaja of Bikaner after latter's departure.

BRITISH-INDIAN REPRESENTATIVES (*contd.*).

[1] Mr. G. D. Birla.
[1, 2] The Raja of Bobbili.
Sir Hubert Carr.
[3] Mr. C. Y. Chintamani.
Captain Nawab Sir Muhammad Ahmad Said Khan of Chhitari, K.C.I.E., M.B.E.
[1] Sir Maneckjee Dadabhoy, K.C.I.E.
[1] Maulvi Muhammad Shafi Daoodi.
Maharajadhiraja Kameshwar Singh of Darbhanga.
[1] Dr. S. K. Datta.
Captain Raja Sher Muhammad Khan of Domeli.
Mr. Fazl-ul-Huq.
[1] Mr. M. K. Gandhi.
Mr. A. H. Ghuznavi.
Lieut.-Col. Sir Henry Gidney, I.M.S. (retired).
[1] Sir Padamji Ginwala.
[1] Mr. V. V. Giri.
Sir Ghulam Hussain Hidayatullah.
Khan Bahadur Hafiz Hidayat Husain.
[1] Sir Muhammad Iqbal.
[1] Mr. A. Rangaswami Iyengar.
Mr. Bhaskarrao Vithojirao Jadhav.
[1] Mr. Jamal Muhammad.
Mr. M. R. Jayakar.
Sir Cowasji Jehangir, K.C.I.E., O.B.E.
Mr. M. A. Jinnah.
Mr. T. F. Gavin Jones.
Mr. N. M. Joshi.
Dr. Narendra Nath Law.
[1] Pandit Madan Mohan Malaviya.
[1] Nawab Sahibzada Sir Sayed Muhammad Mehr Shah.
Sir Provash Chunder Mitter, C.I.E.
[3] Mr. H. P. Mody.
Dr. B. S. Moonje.
Diwan Bahadur A. Ramaswami Mudaliyar.
[1] Mrs. Sarojini Naidu.
Diwan Bahadur Raja Narendra Nath.
[1] Sayed Muhammad Padshah Saheb Bahadur.
Rao Bahadur A. T. Pannir Selvam.

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[1] Additional delegate appointed for Second Session.
[2] Attended in place of the Raja of Parlakimedi.
[3] Did not attend the Second Session.

BRITISH-INDIAN REPRESENTATIVES (*concld.*).

[2] RAJA OF PARLAKIMEDI.
RAO BAHADUR SIR ANNEPU PARASURAMADAS PATRO.
NAWAB SIR SAHIBZADA ABDUL QAIYUM KHAN, K.C.I.E.
DIWAN BAHADUR M. RAMACHANDRA RAO.
MR. B. SHIVA RAO.
SIR SAYED SULTAN AHMED.
SIR TEJ BAHADUR SAPRU, K.C.S.I.
SIR MUHAMMAD SHAFI, K.C.S.I., C.I.E.
SARDAR SAMPURAN SINGH.
THE RIGHT HON. V. S. SRINIVASA SASTRI, C.H.
SIR CHIMANLAL SETALVAD, K.C.I.E.
[2] RAI BAHADUR KUNWAR BISHESHWAR DAYAL SETH.
SIR PHIROZE SETHNA, O.B.E.
DR. SHAFA'AT AHMAD KHAN.
BEGUM SHAH NAWAZ.
M. R. RY. RAO BAHADUR SRINIVASAN.
MRS. SUBBARAYAN.
MR. SHRIPAD BALWANT TAMBE.
[1] SIR PURSHOTAMDAS THAKURDAS, C.I.E.
SARDAR SAHIB SARDAR UJJAL SINGH.
SIR C. E. WOOD.
MR. ZAFRULLAH KHAN.

In addition, U Aung Thin, U Ba Pe, Sir O. de Glanville and Mr. M. M. Ohn Ghine, who represented Burma on the First Session of the Conference, remained formally members of the Conference, but did not attend owing to the formation of a separate Burma Round Table Conference.

INDIAN STATES DELEGATION STAFF.

Adviser to His Highness the Maharaja Gaekwar of Baroda.
[3] RAO BAHADUR KRISHNAMA CHARI, C.I.E.

Advisers to the Delegate for Hyderabad.
LIEUT.-COL. SIR RICHARD CHENEVIX-TRENCH, C.I.E., O.B.E.
NAWAB MAHDI YAR JUNG.

Adviser to His Highness the Maharaja of Indore.
[4] RAI BAHADUR S. M. BAPNA.

Adviser for Jaipur State.
RAI BAHADUR PANDIT AMAR NATH ATAL.

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[1] Additional Delegate appointed for Second Session.

[2] Did not attend the Second Session.

[3] Acted as substitute delegate in absence of H.H. the Maharaja Gaewkar of Baroda.

[4] Acted as substitute delegate in absence of H.H. the Maharaja of Indore.

INDIAN STATES DELEGATION STAFF (*contd.*).

Adviser for Jodhpur State.
MR. J. W. YOUNG, O.B.E.

Adviser for Kashmir State.
PANDIT RAMACHANDRA KAK.

Adviser for Rampur State.
SAHIBZADA ABDUS SAMAD KHAN, C.I.E.

Adviser for the Orissa States.
MR. K. C. NEOGY.

Advisers nominated by the Chamber of Princes Special Organisation.
[1] MR. L. F. RUSHBROOK WILLIAMS, C.B.E.
[2] SIRDAR JARMANI DASS, O.B.E.

Secretariat.
MR. M. S. A. HYDARI, I.C.S.
MR. K. M. PANIKKAR.
MR. N. MADHAVA RAO.

BRITISH DELEGATION STAFF.

MR. H. G. HAIG, C.S.I., C.I.E., I.C.S.

Secretaries.
MR. V. DAWSON, C.I.E.
MR. K. S. FITZE, I.C.S.
MR. J. G. LAITHWAITE (personally attached to the Prime Minister).
MR. W. H. LEWIS, C.I.E., I.C.S.
MR. P. J. PATRICK.

PROF. J. COATMAN, C.I.E. (Secretary to the Liberal Delegation).
MR. G. T. GARRATT (Secretary to the Opposition Labour Delegation).
MR. R. J. STOPFORD (Secretary to the Conservative Delegation).

BRITISH INDIAN DELEGATION STAFF.

Secretaries.
SIR GEOFFREY CORBETT, K.B.E., C.I.E., I.C.S.
MR. A. LATIFI, O.B.E., I.C.S.
MR. G. S. BAJPAI, C.I.E., C.B.E., I.C.S.
MR. B. RAMA RAU, C.I.E., I.C.S.

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[1] Acted as substitute delegate in absence of H.H. the Maharaja of Nawanagar.

[2] Acted as substitute delegate in absence of H.H. the Maharaja of Kapurthala.

BRITISH INDIAN DELEGATION STAFF—(*contd.*).

Additional Staff (Honorary).

SAYED AMJAD ALI.
THE ALY KHAN.
MR. A. M. CHAUDHURY.
MR. MAHADEO DESAI.
PANDIT GOVIND MALAVIYA.
PANDIT R. K. MALAVIYA.
PROFESSOR K. T. SHAH.
MR. P. SINHA.

SECRETARIAT-GENERAL.

Secretary-General.

MR. R. H. A. CARTER, C.B.

Secretaries.

MR. K. ANDERSON.
MR. C. D. DESHMUKH, I.C.S.
MR. J. M. SLADEN, I.C.S.

Publicity Officers.

MR. HUGH MACGREGOR.
MR. G. F. STEWARD, C.B.E.
MR. A. H. JOYCE.

Additional (Honorary).

SAYED AMJAD ALI.
MR. RAM BABU SAKSENA, U.P.C.S.

PLENARY SESSION, 28th NOVEMBER, 1931.

Chairman : This meeting of the Plenary Session has been called according to the notice to receive the Third and Fourth Reports of the Federal Structure Committee and the Second Report of the Minorities Committee, and to discuss the whole field of the work of the Conference. I will therefore ask the Lord Chancellor to present his two Reports, the Third and the Fourth.

Lord Sankey : Prime Minister, Ladies and Gentlemen, some day I hope to visit India; and when it is my good fortune to do so, I propose to go straight to see that magnificent building, the Taj at Agra. What time, what thought, what patience, were spent upon it; and with what result!—A wonder of the world and a building worthy of India. We are now engaged upon a building. What time, what thought, what patience it requires. Let us make it worthy of India.

Mr. Chairman, it is customary at the erection of all stately edifices to make plans and to assemble the materials before you start to build. This is the task upon which the Federal Structure Committee has been engaged. There have been many willing workers, everyone of whom has contributed his share. It has fallen to my lot to give, I hope, some help in the matter, because I have been, as it were, a Clerk of the Works. We have also had a very able and experienced foreman. Like all good foremen, he has been a little peremptory at times; but he has always given us good advice, has always told us what are the best plans and where the material ought to be put. We have generally obeyed him. Let me place on record our obligations to our foreman, Sir Tej Sapru.

Now, Sir, we have come to place before you the reports of our labours. You too have a part to play in the building. We are all looking forward to the declaration that you are to make on Tuesday next, and, if you will allow me to say so, I hope—more than that—I believe that you will be remembered not only as a Prime Minister of Great Britain but as the architect of the Federal Constitution of India.

Now, Ladies and Gentlemen, will you kindly take in your hands the Third Report of the Federal Structure Committee. I need only detain you for a very few minutes, because I know that there are many of you who wish to address us for the first time. The First Report contains, as you will see if you look at the index, sections dealing with the structure, size and composition of the Federal Legislature, with the apportionment between the States of their quota; the method of selection of States' representatives in the Lower Chamber; the representation of special interests in the Federal Legislature; nominated members; the qualifications and disqualifications for membership; the oath of allegiance; the rela-

tions between the two Chambers; Federal Finance; and the Federal Court. I formally move the adoption of that and the other Reports to which I will draw your attention in a few brief sentences. But I want to draw your attention to four paragraphs, and those are the only four paragraphs in all the Reports that I desire to refer to. You will observe in paragraph 1 on page 5 what the Committee's task was. The Committee's task was to continue the discussions at the point at which they were left by their Report of the 13th January and the Prime Minister's declaration of the 19th January.

I now want to draw your attention to paragraph 6:—

> " It will be easy for the constitutional purist, citing federal systems in widely different countries, to point out alleged anomalies in the plans which the Committee have to propose to this great end; but the Committee, as they stated in their First Report, are not dismayed by this reflection. Their proposals are the outcome of an anxious attempt to understand, to give full weight to, and to reconcile different interests."

The only other two paragraphs are 8 and 9, and then I shall have finished this Report. Paragraph 8 says:—

> " Without a spirit of compromise, such diverging interests cannot be reconciled; but compromise inevitably produces solutions which to some, if not to all, of the parties may involve the sacrifice of principle."

Then paragraph 9 goes on:—

> " It follows that, in many cases, many members of the Committee would have preferred some solution other than that which appears as their joint recommendation."

Now comes this important sentence which I desire to impress upon all of you:—

> " But recognising that the basic aim of this Conference is, by the pooling of ideas and by the willingness to forego for the common good individual desires, to attain the greatest measure of agreement; above all, recognising that the time has come for definite conclusions, the Committee are prepared to endorse the conclusions set out in this Report."

Now will you please take in your hands the Fourth Report of the Federal Structure Committee? If you will kindly look at the index you will see that it deals with Defence, External Relations, Financial Safeguards and Commercial Discrimination. I only desire to refer to one paragraph of that Report and that is paragraph 1:—

> " The Committee, when discussing the subjects covered by this Report, *viz.*, Defence, External Relations, Financial Safeguards and Commercial Discrimination, did not have the advantage of hearing the views of the Muslim members of the British-Indian Delegation who reserved their opinion on such

> questions until such time as a satisfactory solution had been found of the problems which confronted the Minorities Committee. Some other representatives of minorities similarly reserved their opinion."

There, Ladies and Gentlemen, are the plans. There is the material. Examine them carefully. See that the plans are satisfactory. Take care that the material will stand the strain and the stresses to which it will inevitably be subjected. If you work slowly, if you work well, if you work wisely, then it is certain that the stability of your structure will be assured. I beg to move the adoption of the Reports.

Chairman: In order that the whole business may be before the Conference may I move the Second Report of the Minorities Committee? I am sorry that I must draw your attention to paragraph 6. It is very brief and I will just read it:

> "The Committee has, in these circumstances, to record with deep regret that it has been unable to reach any agreed conclusion on the difficult and controversial question which has been the subject of its deliberations."

Then in reference to paragraph 8 as regards the invitation I made to the members of the Committee to request me to take certain action on the subject, I regret to inform the Conference that the invitation and its conditions were not accepted and that, therefore, the matter of the Minorities remains as it is in this Report.

I regret it very much. I am sure every one who sat with me on that Committee will agree that we strove our very hardest to get some agreement. But I want to say now—and I say it with very definite conviction—that this problem can be solved still. It has not been solved up till now, but I am as hopeful as I was at the beginning that by further work, by the exercise of goodwill, by the facing of the actual facts of the situation, and above all by the exercise of the well-known pride of the Indian representatives, they will find a way out of this very difficult and very troublesome situation.

I move the adoption of the Report.

Sir Purshotamdas Thakurdas: May I ask a question on a point of information? I wish to refer to Report No. 4, paragraph 18, where it says:—

> "The expression 'subject' must here be understood as including firms, companies and corporations carrying on business within the area of the Federation, as well as private individuals."

May I ask the Lord Chancellor whether it would be correct to interpret this as "The expression 'subject' must here be understood as including firms carrying on business, and companies and corporations registered in and carrying on business within the area of the Federation, as well as private individuals"?

Lord Sankey: You have been good enough to give me notice of that question, Sir Purshotamdas, and I think the answer to your question is in the affirmative. I think that will solve all difficulties.

Sir Purshotamdas Thakurdas: Thank you; I think that is more clear.

Chairman: That will be reported. The general debate is now open on the two motions which have been made, one by the Lord Chancellor and the other by myself.

I shall first of all call upon the Raja of Korea.

The Raja of Korea: Mr. Prime Minister, before I say anything else I think it is my duty to tender my sincere gratitude to you, Sir, for the honour you have conferred upon me in asking me to speak first. I also wish to pay my humble tribute to, and express my great admiration of, the work of the members of the Federal Structure Committee. The task which was before them was one of infinite complexity, but the manner in which they carried it on and concluded it by their very valuable Report, under the guidance of their able and impartial Chairman, deserves our highest praise.

I also desire to express my deep regret at the failure of the Minorities Committee to come to any agreed settlement. I fully share the view that you have expressed, Sir, that the communal issues are not beyond the possibility of settlement, and that with goodwill and a spirit of compromise on both sides a solution can be reached and will be reached.

It is a unique privilege to me to participate in the discussions of this historic and august assembly, and with my two other colleagues, to advocate the cause of the smaller States. I have the honour to represent the group of States which, by a recent classification, have been placed in the second class—to which group I myself belong—and the groups of States of the third class which have no representatives of their own.

The idea of Federation, which is the central theme of the Report of the Federal Structure Committee, and which has for its object the bringing of British India and the Indian States into a closer political relationship and the strengthening of the tie which binds India to the British Empire and the British Crown, is, indeed, a very laudable one; and, speaking for the smaller States, I have no hesitation in saying that it will be their earnest endeavour to contribute to it materially, as materially and as worthily as they can, consistently with the rights and claims of their States.

At the very outset I wish to say that the smaller States claim, no less than the bigger States, that their relations are with the Crown, and that they yield to none in their devotion and loyalty to His Majesty's Government and his Royal Person.

At the present juncture, when important issues still await settlement, it would hardly be expected of me, on behalf of the smaller States, to make any definite commitments with regard to our acceptance of the federal scheme, but I believe in being optimistic, and I hope very much that, in spite of the present vital disagree-

ments on communal issues and other issues, a solution will eventually be evolved which will safeguard and promote every legitimate interest both in British India and in Indian India, and will lay the foundations of a progressive Federal India within the British Empire and under the ægis of the British Crown.

Before I enter into a discussion of the different issues that are before us, I should like, Sir, with your permission briefly to survey the position of the smaller States and dwell upon their general importance. Taking the second class States, I have to say that they number 126; they have approximately an aggregate population of 7,249,911 souls, an aggregate area of 72,603 square miles, and an aggregate revenue of Rs. 2,62,00,000. These States enjoy internal sovereignty in varying degrees, and this has resulted not so much from their inherent character or their past history as from the varying treatment they have received and the varying policies that have been pursued by their respective Local Governments. Some of these States enjoy internal autonomy of an order not inferior to some of the first class States, and in point of population, area and financial resources not a few stand even higher.

I hope, Sir, that these figures will show you that the so-called smaller States represent interests larger than they are usually credited with, and therefore they have a legitimate claim to have an effective voice in the future polity of India. I also wish to say that the remarks made by some unkind critics that they are of an insignificant character are hardly justified.

Coming to the third class States, I have to say that these number 327; they have an aggregate revenue of Rs. 70,04,000, a population of 801,674 souls and an area of 6,400 square miles. These States I very much regret to say have in the past been so much neglected that they have not yet been able to have a seat in the Chamber of Princes. These States form no part of British India; their destinies are linked with the States, and, although limited sovereignty may be exercised in those States, an opportunity has to be found for them to have their due and effective voice in any constitutional machinery that is devised and the decisions of which are likely to affect them. From their numerical strength and the variety of interests embodied in them, I think it will be conceded that they are entitled to a better recognition of their position than has hitherto been granted to them.

With this brief introduction, Sir, I now pass on to the Report of the Federal Structure Committee. I am in entire agreement with the view taken by the Indian States Delegates and by His Highness the Chancellor, in regard to the legislative machinery contemplated in that Report and accept that machinery. The standpoint of the States as advocated by His Highness of Bhopal, the Chancellor, His Highness of Bikaner and our other distinguished Ministers in regard to the proportion of seats between Indian States and British India and the method of selecting the States' representatives is also a subject on which I am in absolute harmony with the general States' view.

As regards the strength of the Houses, I have been of opinion that this should be fairly large so that the States' share of seats should provide ample scope for the representation of all the States big and small. I find that the Committee has held the view that there is a consensus of opinion which regards an Upper House of approximately two hundred seats and a Lower House of approximately three hundred seats as being chambers most suited to meet the requirements of efficiency, expedition and of economy both of time and money. In view of this I am prepared to be content with a smaller House, but I should like to emphasise the supreme necessity of examining carefully and deciding equitably the question of representation and allocation of seats. There seems, Sir, to be an opinion prevailing that the present constitution of the Chamber of Princes will provide a fair and correct basis for the construction of the States' section of the Upper Federal House, but with the greatest respect to this opinion I wish to say that the model of the Chamber of Princes will not prove acceptable to the smaller States, as at present it has not found support with the premier States.

I hope that when I make this statement with regard to the constitution of the Chamber of Princes I shall not be misunderstood. It is not my purpose to make any unnecessary observations on this subject and I will confine my remarks only to such aspects of the constitution of the Chamber as will enable me to state to you the disabilities and the anomalies under which the smaller States labour, and which disabilities and anomalies will be perpetuated in the federal constitution if this procedure is adopted. My whole object in referring to it is to show the inadequacy of the structure for providing a model for the construction of the States' section of the Upper Federal House. Before I say anything I should like to express my thankfulness to our Chancellor, His Highness of Bhopal, and other leading and distinguished Princes who have served on the Federal Structure Committee, particularly His Highness of Bikaner, for their sympathetic attitude towards the problems of the smaller States. The permanent membership of the Chamber of Princes has been primarily based on salutes and in some cases a high degree of internal autonomy has also been held to be a qualification. The financial resources of the States, their population and area have been entirely ignored and in many cases even a comparatively high degree of autonomy has failed to earn for them a permanent place in the Chamber in the absence of salutes. I should like to say, Sir, with the greatest humility that for the salutes to constitute the sole criterion or even the principal criterion in constitutional matters of such importance would be hardly right. They are associated more with the house and the Person of the Ruler and while they should have their fullest measure of importance in ceremonial I venture to think that they are not fit representatives of the character of States. Another unfortunate thing that has crept into the constitution of the Chamber of Princes is the classification of States into first, second and third class as arrived at by the Indian States Committee.

These classifications are based on the anomalies that are embodied in the constitution of the Chamber, which have been

accepted without scrutiny, and therefore they are equally erroneous and unjust. If, therefore, any solution is sought on the basis of this classification it will be, I venture to say, equally unsatisfactory and unfair to the cause of the smaller States, and it will make them extremely unwilling to join the Federation.

Another flaw in the constitution of the Chamber is, as I have said, the exclusion from it of the third class States. The Chamber is an all-India organisation of the States, and any part of India which is admittedly Indian India must have its due representation in a body whose decisions and recommendations affect it.

Here I should also like to say that the position of the third class States calls for serious consideration, and I may urge that the Government of India should be pleased to entrust their problems to an experienced officer of the Political Department for his careful examination and report.

By what I have said, Sir, I think I may have convinced you that the constitution of the Chamber of Princes will not provide a safe, just and satisfactory basis for the solution of the question of the apportionment of seats between the States *inter se* in the Upper Federal House. If, however, a contrary view is taken, and the Chamber is invested with constitutional importance and it is desired to proceed on its analogy, I must ask that its constitution should first be revised.

In regard to the Lower Federal House I have to say that there is no disagreement between us, as the allocation of seats there is rightly proposed to be made on the strength of the population of the individual States and groups of States that will be federating.

I am in entire harmony with the proposal that has been made by some of the members of the Indian States Delegation that the whole question of the apportionment of seats between the States *inter se* should be gone into carefully by a Parliamentary Committee on which the States should have no representation, and whose decision should be final and binding on those who choose to federate. All I should like to say here is that all the States, the biggest and the smallest, should have the fullest opportunity of advocating their cause before that Committee, and should be, as I have said, bound by its decision if they choose to federate. I am quite prepared in the first instance to entrust this matter to the Chamber of Princes as a first step towards settlement, but I do think, realising the complexities of the problem, that it will be difficult to arrive at a solution in it. But I should like to make it abundantly clear that, in the event of the agreement that is arrived at not commanding the unanimous acceptance of all members, the permanent and the temporary, the big and the small, the agreement should be regarded as a failure and recourse should be had to the Committee.

Coming now, Sir, to the Federal Executive, I have to say that I entirely support the view of His Highness of Bhopal that the States, while not desiring to have any specific provision for any specific number of seats in the Federal Cabinet, will wish that their interests should be secured by a constitutional convention. All I

would wish to say is that there should not be any conventional or constitutional barrier to the representative of smaller States having a place in the Cabinet if he is found to have all the necessary qualifications.

Then as regards the question of the Federal Court, I have to say that it should not be presumed that merely because a State happens to be classed and designated as a second class or smaller State it should not be possible for that State to have an individual Federal Court of its own. Several of the so-called smaller States will be in a position to have individual Federal Courts of their own, and where this may not be possible they may very conveniently be able to group themselves into Provincial units and utilise the services of a Court appointed by that unit, and wherever these Courts meet the requirements of efficiency and impartiality no outside agency should be employed to dispose of the federal section of their judicial work. After all, we remember that the decisions of the federal section of the States' Courts will be appealable to the Central Federal Court, and there will be, therefore, no chance of any abuse of these privileges.

Then, coming to the question of federal finance, I have to say that here, too, I am in general agreement with the view put forward by the Indian States. I have only two observations to make; they are, firstly, that the super-tax should not be made a source of federal revenue as recommended by the Finance sub-Committee. Several of the smaller States regard the super-tax on incomes of their subjects as a source of good revenue and its federalisation will mean a substantial loss to them and will consequently add to their difficulties in federating.

The other thing is in regard to the tributes. I am glad to see that the Finance sub-Committee have recognised the undesirability of retaining the tributes as a permanent feature of federal finance, in view of those contributions being of a feudal character, and have recommended that they should be abolished at as early a date as possible. I only hope that, in pursuance of the considerations that have led the Committee to make the suggestion, it will be felt to be only right that such tributes as are revisable shall not be revised but will be left at their present figure until they are abolished.

Then, coming to the question of federal defence, external relations, foreign relations, commercial discrimination, and so on, I am of the same opinion as His Highness the Chancellor; I have no additional remarks to make upon those subjects; and I entirely associate myself with the views which he has expressed.

Before I close the subject of Federation, Sir, I should like to make a few observations on what has been urged to be the condition necesary to bring about Federation. It has been suggested that if the States covering a population of 51 per cent. of the aggregate States' population join the Federation, the scheme should be given effect to; but I venture to think that this condition alone will not meet the requirements of the situation sufficiently. Unless there is a definite minimum proportion of the aggregate number of States

joining the Federation, and the federating States also cover 51 per cent. of the total population of the States, there will be a possibility of only a few big States with large populations joining the Federation, and giving effect to that scheme on the satisfaction of their claims, without satisfying the claims of other States which may be equally desirous of federating. I beg to submit that both these conditions should be combined, and on the satisfaction of both of them the scheme should be given effect to.

In conclusion, Sir, I should like to make an earnest appeal to the British Government, the British Delegates, Their Highnesses, whose kind disposition towards the smaller States in the past I particularly wish to acknowledge, and to our British-Indian friends, for their sympathetic consideration and generous support of the cause of the smaller States. I have no doubt that our problems will be reviewed by them in a spirit of sympathy and justice and that they will feel that they merit their support. I also wish before I close my remarks to thank you, Mr. Prime Minister, for very kindly affording me this opportunity of placing my views before the Conference.

Sir A. P. Patro: Mr. Prime Minister, since I made my observations at the last meeting of the Minorities Committee there has been much discussion on immediate constitutional advancement in the country. I do not propose to make any lengthy remarks, but we have now reached a stage in the discussions in this Conference when we should get to grips with the problems as practical business men. I do not propose to review the whole work of the Conference recorded in the Reports just now placed before us. This is not the occasion for that. Much good work was done, but the general result in my view is far from satisfactory. I rejoice that the Congress decided to join this Conference and no one could have contributed more than the Mahatma Gandhi, but we all failed; the failure to solve the minorities problem is a painful chapter in the political history of our country. We have had the expression of views on many important subjects in this Committee but agreement on many of them is difficult to discover. The Federation of all India is fraught with great difficulties and among them is one I would refer to by way of illustration. That is the claim of the States for thirty per cent. of the representation in the Lower Chamber reserved for the Princes and the claim of the Muslims for 33⅓ per cent. It can easily be imagined what would be the position of the other majorities and minorities. Again, the States desire to have a full voice in the management of a Federal Executive in the matter of motions of no-confidence. If they decide to add their weight on the side of the Executive the responsibility of the Legislature would become nominal. There are other vital points, very important and fundamental, which must be worked out by agreement and negotiated and they must take time.

The Federation of India must be expedited without unnecessary delay, but the point, to my mind, is this: How long do we expect it will take to complete this structure? The architect may be there and the design may be there, but what are the materials available for building up a solid and sure structure which will be a permanent

one, as permanent as the Taj Mahal, to which His Lordship referred at the beginning of his remarks.

Let us realise that as a fundamental principle in the structure of Federation for India. If we fail to notice it or if we minimise the important of it we shall not be doing justice to ourselves and to the vast population of the country. There is no going back upon the work achieved last year, and the promises made of federal responsibility with safeguards ought to be fulfilled as early as possible.

Nor can we stand still during this period. The demand of the Indian people is quite clear. What, then, should be the policy of His Majesty's Government? I would say emphatically and unhesitatingly: Go forward. Do not stand still. Do not arouse the spirit of India. Do not create ill-feeling in India against the British.

In what form and to what extent in the circumstances is this a practical problem? It is unquestionable that the advance must not be too slow, or it will keep India in a state of unrest. Peace and contentment will not prevail if matters are delayed. The political consciousness of the people has been aroused, and a rapid advance at present is necessary. I do not believe, however, that too sudden changes will benefit the people, and they may strain the very machinery by which we want to attain Swaraj. You must advance with a firm determination to reach the goal of full responsible self-government.

I have said that the ideal of Federation cannot be realised without a long process of adjustment and negotiation whilst steps are being taken to work out a federal scheme. Are we certain of the period within which the federal structure can be completed? Can we in India wait with patience during the suspensory period, without having any kind of responsibility to work with? That is the practical question which we have to face.

If the period of construction is short and brief, if it is certain that we can have this structure within a brief period, then there is no necessity for an intermediate stage; but if, on the other hand, we find that there are circumstances which will necessitate delay in the constructional work, or that a period must intervene between now and the completion of the structure, what is to be done? That is the problem that we have now to consider. If we are assured that there is a certainty that within a fixed and definite period the structure will be complete, no difficulty arises; but if, on the other hand, that is not so, then we must have responsibility in British India. A scheme of responsibility must be introduced in the Central Government of India.

My experience is that dyarchy is a sound plan in the evolution of responsible government. The dyarchic system may have scared away those who refused to work it, but it is very striking that every one in this Conference agreed to have a similar system in the Federal Government, with reserved subjects and with safeguards during the transitional period.

Is it not dyarchy? Strong language will not build up solid structures. Experience and practical knowledge are most essential for constructive work. There should be responsibility in the Central Government immediately, along with the fully responsible Provinces, otherwise Indian opinion is bound to consider that you are giving shadow without substance. It is no doubt good logic to say that when there is a certainty of payment of a sum, let that sum be received in reasonable instalments instead of waiting a longer time for the full payment; but the receiver would wish to have the whole amount at once so as to be able to make the best use of it. There is a section of public opinion in India which would leave the payment till the time when an all-India Federation becomes a reality; but that would be a calamity.

If Parliament will face and accept this solution without any demur it will be very good. If they refuse to face the problem, the practical needs of the country, then they must be prepared to face a serious situation in the country. India should not be drawn into party politics, nor should it become the field of party manœuvres. The responsibility of establishing peace and contentment lies upon His Majesty's Government. The British Government is a party to this Conference. It is equally their responsibility to assist in the solution of the minorities problem. There is ample material available for making a decision. When this problem is well decided, there is no difficulty further in the way of introducing responsibility in the Centre as well as in the Provinces. For the purpose of Provincial autonomy a solution of the minorities problem is essential, and its application to the Centre is only consequential. There would be no other insurmountable obstacle in the way of adopting responsibility in the government of British India. This will be preliminary to and a preparation for the higher and fuller responsibility which Federation would involve. This is an interim stage during which a sense of responsibility will be evolved. This is not a new scheme or a new suggestion. Ample evidence was placed before the Royal Commission. Evidence from all Provinces was placed before it in large volume, and the Royal Commission considered this question, and therefore it is not new either to Parliament or to the British Government; it is a problem which has been thrashed out very fully in India during the two years of the visit of the Statutory Commission. This problem, therefore, does not take any section of the British public by surprise, nor should this Conference consider that it is a new thing that has been sprung upon it. It is a problem which was indicated last year, and which is full of possibilities in the material available before the Royal Commission.

It may be that the introduction of responsibility in the Centre was not in view during the discussions of the Round Table Conference, but that is no argument to use, for the whole comprises the part and the greater includes the less. This is a necessary corollary to the greater federal reforms discussed last year. It requires only the amendment of a few sections of the present Government of India Act to bring this into operation immediately. It does not

require wholesale modifications of the principles of the Government of India Act, nor of the principles upon which the Government of India Act is based. I suggest it could be done by modification or amendment of sections in the Government of India Act. If those were investigated, it would be possible to find that this scheme of responsibility in British India, to begin with, pending the preparation and completion of the federal structure, becomes a practical problem. If you do not give this sense of responsibility and allow it to develop in the Indian population at present during the interim period, then you will meet with great obstacles even when the Federation is introduced. My party presses for both responsibility in the Centre and in the Provinces.

I would in this connection refer you to the wise words uttered by the Prime Minister in the debate in the House of Commons on the 26th January, 1931:—

> "The first formidable question was the question of responsibility at the Centre. Speaking for myself, before the Conference met, after a study of what had been said in India, I had come to the conclusion that even if British India alone came into the consideration or the question had to be considered by us for British India alone, we should have had by hook or by crook to devise some means of giving some responsibility to the Central Government—nothing would have been accepted without that. The question was, was it possible to give it? If it was possible it ought to be given. If it were not possible then no agreement was possible."

I submit that it is possible to give responsibility in the Central Government of British India at present pending preparation of the effective scheme of Federation. I refuse to accept that even after one hundred and fifty years of close connection between Great Britain and India, the statesmen of Britain are not able to appreciate the great and rapid changes that are taking place in the East and in India, and to establish friendly partnership between the two countries. Undeterred by violent criticisms in India and in England, let His Majesty's Government and Parliament work in a businesslike manner and provide a constitution immediately which will be worked by the people, which is not designed to the dictates of capitalists or the intelligensia only, but which would work for the benefit of the people, and which would strengthen those who have been constitutionalists and co-operated with the Government without fear, without favour, in the interests of the people and in justice to the people.

Sir Abdul Qaiyum: I am much obliged to you, Sir, for giving me this early opportunity of speaking at this Conference. I shall not worry you with a long speech regarding the constitutional issues of India, but will confine myself to the affairs of my own Province.

A year has passed since we last met in this old and historic Hall to discuss the affairs of India and as we meet again to-day for the same purpose, I must not lose this opportunity, which will probably be the last one, of repeating the woeful story of my Province. Much

has happened in that unfortunate Province during the past twelve months, and you cannot be unaware of the turn that events have taken there. Your new Secretary of State for India, whom we now find in a more responsible position, must have kept you informed of what has been happening in those regions. I will not attempt to go into details and will simply remind you that the people are now more determined to achieve their legitimate rights of equal partnership with the rest of India in the constitutional advance of the country. I thought that I might be able to persuade my people to start with what we had got last year, though, as stated by me then and there, it was not likely to satisfy them, but I must confess that I have failed in my endeavours to satisfy even the most moderate of the educated classes. I am here, therefore, to tell you once more, that nothing short of an equal status with other Governors' Provinces will satisfy the people of the five settled districts if you wish to satisfy them.

The question has now assumed serious dimensions and unless the people are given the benefit of full-fledged reforms immediately the province will remain in its present state of upheaval. They have been demanding these reforms for the past eleven years and looked eagerly forward to the satisfaction of their legitimate rights by the Round Table Conference which met here last year. Unfortunately the Report of the sub-Committee which was appointed to deal with the question has not satisfied them and the result is that the whole Province is now in a ferment and every class, interest and community is roused against this policy of delay and inactivity. My position as a member of the Round Table Conference on my return this time will be a peculiarly difficult one. Unless the people are convinced that the reforms are to be real and genuine and that their natural aspirations can thereby be met in a reasonable manner and that they should organise an influential and powerful class to rally round the new reform scheme and be prepared to defend it against the attacks of the extremists, we shall not be able to guide the Province along a healthy channel. While the most loyal and earnest supporters of the reforms have failed to convince the people that any real and effective reforms are going to be shortly introduced into the Province, the outside influences of the extremists in India have succeeded in making them believe that it is only the Congress which recognises their rights of equal partnership with the rest of India. The red-shirt movement has therefore widely spread with its consequential policy of repression and is proving disastrous to the best interests of the Province, for it has removed all possibility of the growth of an intelligent and influential constitutional party, which might have rallied all the best elements of the frontier people and organised them for the effective working of the reforms. This is precisely what has happened. The position is so serious that prompt and effective measures are essential, if the Province is to be saved from the evils of revolution and a possible repetition of the Hijrat movement of 1920.

The question therefore is whether the frontier people will ever tolerate differential treatment from the rest of India in the matter

of reforms. To this I can only answer that in their present mood they cannot be expected to accept what they call a stigma of inferiority. They base their claim of constitutional equality on the assurances given by the late Lord Curzon as Viceroy to the then Secretary of State for India when the Province was separated from the Punjab, to the effect that the people of the settled districts would not in any way suffer as the result of separation; on the Bray Committee Report of 1923, which found them fit for practically the present-day dyarchical reforms, and now more fully on the result of the recent sifting enquiry made by the Haig Committee under the direction of this Conference. This last Committee finds us fully capable of working any constitutional reforms, including the charge of law and order like the rest of India.

In spite of all this, I cannot personally ignore the fact that we have had no great experience of working a reformed Council or a reformed administration, though the fault does not lie with us; but it cannot be also denied that the people, besides possessing potential and natural capacity for self-determination, now contain some of the finest elements out of which an intelligent electorate as well as a responsible Legislature and Ministry could be constituted. The number of highly educated Pathans on the frontier has increased considerably of late years, and stands at a higher percentage than in the Western Punjab. There is a very powerful middle class of professional men and landholders, and it is this class which will be the mainstay of the new Government. There is no reason why the energy, the ability and the wealth of intellect of the upper and middle classes, as well as the patriotic fervour and virile character of the masses, should not be harnessed to the salutary and beneficial task of nation-building in the Province, of course within the limits of its position in the constitution of India.

Sir, while the unanimous decision of the people of the frontier is for complete equality with other Provinces, I am prepared to admit that the lack of facilities for gaining experience in public life and administration, which Lord Curzon's partition scheme brought about, may possibly justify some slight temporary modifications in certain directions, not in the Government of India Act itself but only in the Instrument of Instructions under the Act. But I must make it clear that all differential features of the Provincial constitution for the North-West Frontier Province must disappear automatically after a short time, say at the end of five years or so; and it is in this light that I am going to make a few observations on the provisions of the Report of the sub-Committee appointed by you last year. If my suggestions are accepted, I have every hope that the better minds of the Province will unite to work the new constitution and will make it a success. They will, I am sure, be strong enough to control the extremists and even the present-day form of " red-shirtism " in the Province may subside. The constitution as at present recommended by the sub-Committee has failed to satisfy the people. When the Haig Committee was formed and began to work at Peshawar last summer the extremists of the " Red-shirters " and " Congressites " agreed to serve on it, and

sent Mian Ahmad Shah, Barrister-at-Law and Secretary of the Afghan Jirgha and Youth League, to represent them and the Congress; but when after a couple of days' work he found that the terms of reference of the Committee were very limited and would not allow of the discussion of the provisions of the proposed constitution for the Province, he resigned and gave his reasons for doing so.

To be brief, my suggestions about modifications in the proposed constitution are as follows—the references made being to the clauses of the Report of sub-Committee of the Round Table Conference:

(1) *The need for reform* (paragraph 4).

The recent events have fully established the need for the immediate introduction of reforms in the five settled districts and of a more definite policy of benevolent neutrality in the tribal areas for the safety and tranquillity of the Province as a whole. The administration of these two wings of the Province should be completely separated except in the joint charge of the two under the same head. While the one should be allowed the benefit of full-fledged reforms like the rest of India, the policy in the other wings should be one of non-interference in the internal affairs of the various tribes like some of the Indian States, and of help an advice to the tribesmen to develop and strengthen their existing organisations of self-government on more or less modern lines so as to be more peaceful neighbours of their brethren in the settled districts.

(2) *Classification of subjects* (paragraph 5).

I am in general agreement with the principles of the classification embodied in the Haig Committee Report, but I should like to point out that it will strengthen the efficiency and stability of the local administration if the Frontier Constabulary were to be placed under the supervision of the Inspector-General of Police with the Provincial Governor as the head of the administration; but if that is not possible, or is not considered desirable, then the location and operations of the force must strictly be confined to the border line and across it in the tribal area. Moreover, I must make it clear once more that no constitution will be acceptable to the frontier people unless law and order is entrusted to a responsible Minister.

(3) *The Executive* (paragraph 6).

I am emphatically of opinion that the words—

> " Governor of the North-West Frontier Province should be the effective head of the Provincial administration "

should be deleted; and in the place of the words

> " assisted by the advice of two Ministers drawn from the non-official members of the Legislature, at least one of whom should be elected "

the following should be inserted:—

> " The Governor shall act on the advice of two Ministers drawn from the non-official elected members of the Legislature like any other Provincial Governor."

The present proviso stifles Provincial autonomy, emasculates the Provincial Legislature, renders the Ministry impotent and irresponsible and deprives the people of any responsible share in the administration of their affairs—nay, it renders the system worse than dyarchy. The Governor may preside over the Cabinet to advise and guide his Ministers in the light of his higher responsibilities, but he should have no portfolio in his charge and should only vote when his casting vote is needed.

(4) *The Legislature* (paragraph 7).

As regards the size of the Legislature proposed by the sub-Committee, I think that the proportion of nominated members is excessive. In my opinion there is no need for any nominated non-officials in the Council. I recognise the need for expert advice and experience, as I know that a number of questions of importance may be coming up for discussion which may require technical knowledge. For this purpose officials, not exceeding four in number, may be nominated for the present. They will be required generally to help the Ministers either in piloting Bills or in explaining intricate and complicated questions of administration, policy or law. With regard to the other ten seats out of the fourteen suggested for nomination, I am strongly of opinion that these should be added to the list of general constituencies, reserving a few of them, if necessary, for the representation of special interests, such as big landlord, Army, commerce, etc.

The franchise should be on exactly the same lines as in other Provinces.

(5) *The Financial Settlement* (paragraph 8).

As regards the subvention, I need not say more than this, that if the Frontier Province is essentially connected with the defence of India, the subvention is an indispensable part of the scheme for that purpose and will serve as a guarantee for the goodwill of the frontier people.

In conclusion, I will earnestly once more appeal to you, Sir, and through you to the British Government, that we have always played, and will continue to play, an important part in the defence of India. We have invariably come to the assistance of Government in every emergency whether during the threefold Afghan wars, or nearly the three score of frontier expeditions against our own kith and kin, and have proved our loyalty to the cause of India and the British Empire, and I beg you to trust us in future too. The financial help that the Government have given us in the past, and the subvention, which shall be liable to periodical supervision by the Centre, should alone suffice for our mutual goodwill, and if our Pathan brethren in other parts of India have proved themselves good Indians, there is no reason why we should not prove loyal to the country of our birth and to the salt of our Motherland.

What difference is the introduction of reforms likely to make on our attitude towards the defence of India, when all important subjects connected therewith are to be reserved for the Centre, except to make us more loyal and faithful to the cause of India?

Is it feared that we shall try to drive away the British garrisons from the country, or interfere with the movements of troops in those parts, or prevent the opening of new roads and communications in our country, when the very existence of those garrisons, etc., is the means of our earning our livelihood from day to day? The reforms ought to improve the situation rather than hamper the smooth working of the administration of the Province. On the other hand, the disadvantages of the discontent in the settled districts were noticed when the Afridi trouble arose around Peshawar last year. As noted by the Bray Committee Report, and the despatches of the Local Government and of the Government of India—a discontented frontier will always be a source of anxiety and expense in the event of military operations in those parts.

I am glad to note that none of my colleagues from India has ever seriously objected to the introduction of reforms in the Province. As a matter of fact every responsible member of the Conference has fully expressed his sympathy with our claims. Moreover, the Congress has all along supported our cause not only in the Nehru Report, but also in all its subsequent resolutions. The great Mahatmaji who is the sole representative of that powerful body here has more than once promised his mighty support to our people in securing the equality of their rights with the rest of India. And this because our claim is based on justice and equity and because we depend entirely on the merits of our case as a non-communal question. Sir, I grieve to see that our people should have to struggle so hard for achieving a status which is enjoyed even by the so-called "Untouchables" in other parts of India, without their having ever asked for it in the past. Before I conclude I should like to emphasise that, if the Province has any importance, it must have also the advantage of a special and a better representation at the Centre than what is proposed for it by the Federal Structure Committee. With these words I close my appeal, which may possibly be the last one, to you, to the Government, and to the Conference, on the subject.

Raja of Sarila: Speaking to-day on behalf of myself and the smaller States I wish to convey through you, Prime Minister, to Their Majesties our appreciation of the sympathy and kindness which they have been graciously pleased to show towards us during our visit to this country. And I desire also to record our gratitude to the Government for the courtesy, hospitality and attention which they have extended to us. We are very conscious of the burden which a Conference such as this entails and more so at a time of such grave anxiety as this country and ours, nay the world, is experiencing. Our prayers and efforts to assist in sharing this responsibility have been continuously offered and they will continue to be offered on behalf of a happy issue out of all these afflictions. To me, coming to this Conference has been an undiluted privilege which I wish to acknowledge, and I am grateful that it was found possible to accord representation to important views of the smaller States.

The Report of the Federal Structure Committee having been made available to us, I have given it my careful attention, and I desire to place on record my personal appreciation of the work done by that Committee under the wise guidance of the Lord Chancellor. I shall confine myself only to those proposals which touch the question of the smaller States with which I, and those represented by me, are concerned, leaving it to others to traverse the rest of the ground covered by the Report.

It gives us satisfaction to note the opinion of the Committee expressed at page 11 in the last sentence of paragraph 24 of the Report, which runs:—

> "It is hardly less important to satisfy so far as may prove possible, the claims of the small States than to provide adequate representation for those which cover large areas."

It has been wisely recommended, I think, that in the matter of representation in the Federal Legislature allotment of seats as between the States themselves should be treated as a matter of domestic concern to be settled by them hereafter, but I feel it would serve a useful purpose if I were to state my views thereon at this stage by giving you a brief historical sketch of the position of the smaller States. I think I may say without undue reserve that the size of the Federal legislature as recommended in the Federal Structure Committee Report, in paragraph 14, meets with our approval, subject to such adjustments as may be necessary with regard to particular interests.

It will not be out of place, I think, to remind this Conference that we are not the mushroom growth of a day, we were in existence in pre-British days when our rights and privileges went unchallenged and undisputed. Because of our latent capacities to withstand every kind of change that has disturbed the body politic, to retain that which has contributed to the conservation of those elements of traditional good in the life of India, and above all to prove ourselves progressively adaptable to the conditions of a rapidly changing order, from time to time, when these have proved their appeal, our position and the part we can play in India have never been assailed from without; indeed our individual identity and contribution have been confirmed by treaties, engagements and sanads. We have always, since British days, shown in no less degree than our brothers the Rulers of the larger States that we are loyal to the conception of a progressive purpose for our country India, bound in indissoluble allegiance to the Crown. These things being so, I feel sure you all will contemplate that the smaller States have been more of an undiluted blessing than a hindrance. We have come here to-day to this Conference because we are alive to the development of the political consciousness of India and do not in any way desire to prove an obstacle in the solution of those delicate problems which have arisen as a result, but we must admit, that we, like every one else, are zealous to secure the continuance of proper and adequate conditions of existence for ourselves.

I know how difficult it is for you and for me to differentiate between the States large and small, tempted as each one of us is to judge the value and importance of anything by the ordinary standard of size, wealth and conventional standing. So long as our judgment is circumscribed in this way and by these considerations alone, I fear that in framing any constitution, in solving any problems, a settlement satisfactory to the interests concerned can never be evolved. I quite realise how important these ordinary conventional standards are, how worthy they are of respect, if they are logically applied, as they are the outward and visible signs for all men to read. But we are attempting to use our imagination in arriving at some more satisfactory solution of these problems and it is wise, I think, in considering the States question, having made due allowance for the nature of their representation, to ponder before passing, on the anomalies that have crept into the existing classification and constitutional position of those States classified as class 2 or so-called small States.

You are no doubt aware that this classification has been based on arbitrary conventions and for this reason, when imagination cannot come to the rescue sheer logic must prevail. Need I remind you, Sir, that some States in our present classification 1, are actually smaller than those in our present classification 2? I may also remind you that some States classified now in the second category are like those in the first, sovereign in their own territories and have powers of legislation and taxation. I go further to emphasise the anomaly of this artificial and arbitrary classification, by referring you to the existing Provincial list of precedence which shows that certain so-called smaller States, in class 2, are actually held in greater esteem by the Crown than some of those in class 1. The history of the relations of the States with the Crown from 1858 reveals no such distinction, even though salutes, the prerogative of the Crown, were fixed at that time. None of these anomalies and distinctions, I emphasize, existed until a very recent date when the Indian States Committee, presided over by Sir Harcourt Butler, discriminated in the way I have outlined. And what has been urged in justification of this differentiation? I shall refer you, Sir, to an observation of Lord Chelmsford's made on behalf of Mr. Montagu and himself at the Princes Conference in 1919. He said, "It would be unwise to base upon the salute list, as it stood, any fundamental distinction between the more important States and the remainder, but that owing to the extreme difficulty of defining with precision the full powers of internal administration and the embarrassment which must be caused by applying the test when formulated in individual cases, after all, the wisest course would be to base the distinction primarily on the salute basis."

If under any scheme equity of representation can be assured to the smaller States there can be little doubt that they would be advised to co-operate. In such event, I would support collective co-operation, so far as may be possible, rather than consecutive action by individual States.

It is satisfactory, no doubt, that the distribution of seats *inter se* has been left to the States themselves. I, however, do not wish any misunderstanding to exist as to the possible means of securing equity of representation. For the reasons alluded to, the allotment of seats on the basis of the membership of the Chamber of Princes is likely to prove a real hardship.

There is not the slightest doubt that the interests of the order of Princes and of States, big as well as small, are homogeneous, and that there is a common denominator of sovereignty. The desire and necessity to safeguard that sovereignty is also common, and what is desired is that stress be laid on this unity of interests and position rather than on the arbitrarily drawn distinctions which have grown up.

The smaller States, as has been said already, do also cherish the degree of sovereignty possessed by themselves and they are making a proportional sacrifice in the interest of the whole. For this reason there can be no question but that they would desire and expect an effective voice in the counsels of the Legislature. There is no reason why their interests should not be safeguarded. Therefore the criteria of representation operative in the Chamber of Princes must be abandoned and the classification on the basis of sovereignty and status be adopted irrespective of salute according to the list of precedence. We have full confidence that, under the able and wise guidance of our leader His Highness the Chancellor, the matter will be settled to the satisfaction of all. The consent of the smaller States to any scheme of Federation, or to the proposal in this connection submitted by the Federal Structure Committee, must be conditioned by the recognition of this principle of equity.

There remain, of course, 327 Estates or Jagirs which would perhaps go unrepresented unless their individuality and homogeneity were secured. Their individuality should not suffer any effacement by absorption or re-grouping with British-Indian Provinces. For they have in their own way an important contribution to make, which would be strangled if any process of dissection were agreed upon. Means can undoubtedly be discovered to secure for them collectively some measure of representation which will be beneficial to their development and individuality and thereby enable them to strengthen the whole. No constitution, I submit, can afford to destroy individuality which is hoary with tradition and with potential usefulness. The special characteristic of the small State is the personal and direct relation of the Ruler and his people, and no one acquainted with them will deny the esteem in which a Ruler is held by his people and the veneration that people have for his decisions and judgments. Due to this direct relation, business is prompt without endless formalities and dilatory proceedings. He is accessible to all and ready to redress grievances and to bestow the blessings of a personal rule.

In conclusion, Sir, I wish to state in unmistakable terms what has so often been said by others of my brother Princes, that we will give our fullest support and encouragement to every scheme or

method employed for the progressive realisation of the future good which is the ideal of all of us for India so far as these are consonant with the central idea of the supremacy of the Crown. Any programme not in harmony with this fixed idea, any programme which we believe would tend to bend or break the bonds of Commonwealth through allegiance to the Crown would be opposed by us to the uttermost, and I should be failing in my duty were I not to make this abundantly clear. With this sole qualification, let me add, our sympathy and strength are now and always at the disposal of our country, in her efforts to achieve a position of self-respecting equality in the Commonwealth, through joint efforts and labour expended in framing a constitution which will be worthy of the statesmanship of India and Great Britain, workable by ourselves, our heirs and successors.

Sir Cowasji Jehangir: Prime Minister, in my own country I am one of those who are labelled as Moderates, and I am as much proud or ashamed of being called a Moderate as Conservatives are of being called Conservatives in this country. But, Prime Minister, there are many Englishmen both in India and in England who hope and believe that Moderates, whether they be men or women, should only claim unsubstantial changes in the present form of Government, and should be prepared to accept with mild protest the decisions of the governments in India dictated from Whitehall. Believe me, Prime Minister, there is no such school of thought in India to-day; and if there had been one, you would surely have had a representative at this great Assembly who would have voiced such opinions. Moderates have always been agitators—constitutional agitators; and I trust and hope they will continue to be constitutional agitators if not more stubborn and more persistent in the future. But there are other schools of thought also in India. There is a school of thought that demands immediate Dominion status without reservations. There is another school of thought that demands independence. I for one, speaking for myself, will fight as long as I live against independence or a severance of the connection between India and England. I stand for its continuance now and for ever.

You will ask me what is the claim of the Moderates. It has been explained at this Table and in the Federal Structure Committee so often by its best exponents, Mr. Sastri, Sir Tej Bahadur Sapru, Mr. Jayakar and others, that I need not here waste your time. We are for a complete transfer of power in the Provinces, with no reservations to the Governor except and only when the machinery of government breaks down, and at no stage in order to prevent the machinery of government breaking down. We stand for a simultaneous transfer of all power at the Centre with the exception of defence and external affairs.

Now, Sir, I would like to come to what have been called safeguards in finance. Let me clearly state, Mr. Prime Minister, that I do not think that the Report under consideration takes us much further than last year's Report. I am fully alive to the warning sounded by the Lord Chancellor in the Federal Structure Committee

of the dangers—which were not present last year—of going into any great detail, but that does not prevent us from considering such points as have no bearing on the financial situation of the world to-day. I am prepared to admit that during the long connection between our two countries, Great Britain may have undertaken certain financial responsibilities. Whether they are legal or merely moral, I am not here to express an opinion—I am not a lawyer—but I will repeat that I am prepared to admit that even if there are moral responsibilities Great Britain has a right to see that she is placed in a position whereby now and in the future she is able to discharge those responsibilities to her own people.

Those responsibilities are specially connected with the loans India has borrowed in this country—sterling loans. When we talk of sterling loans let us not forget that there are large numbers of Indians in India who have subscribed millions to those sterling loans. It is not only foreigners who have lent us money in sterling. Nevertheless, whether they be held by Indians or by Europeans if there is a moral responsibility or a legal responsibility attached to those loans I repeat that the British Government have a right to see that they are in a position to discharge the responsibility. Mr. Prime Minister, I would be prepared, by the constitution, to give the British Government a watching brief to guard her responsibilities, but I would not be prepared, by the constitution, to place the British Government in the position of a mortgagee in possession.

You can have your checks and counterchecks in the constitution, but let them be in India. It should not be beyond the wit of man to frame the Act in such a way that your responsibilities with regard to loans are safeguarded without the control from any authority in this country. We are not against the association of Englishmen in the government of India in the future in India, but we do object, and strongly object, to being controlled from seven thousand miles away, when that control carries with it the grave suspicion that it is not always in the interests of India.

We desire to have the power in our own hands to guide our own future in fiscal and currency policies. We do not desire that the Government in India, whether it be made up of Englishmen or of Indians, should be forced to impose duties—I will only mention one instance, a duty on machinery—which will hamper our industrial growth. I do not desire that the Government of India should be ordered that an import duty should be imposed on cotton, so that we may be less able to compete with the foreign imported article.

The whole history of our currency policy shows that there has been a conflict between the Government of India and the authorities in England, and the Government of India has failed in the struggle on every occasion. That struggle was carried on not by Indians but by Englishmen in India on behalf of India, but they were helpless. The currency policy of our country was dictated by authorities seven thousand miles away against the better judgment of Englishmen in India. That has been the history of the currency policy in India.

We desire now and for the future that we should be masters in our own house with regard to fiscal and currency management. Have your checks and counterchecks by all means to safeguard the liabilities which you may have incurred, but stop at that.

Now, Sir, the best security you have for the liabilities you have incurred are the great assets that India has to offer you, and it is to the interest just as much of Indians as it is of yourselves to see that those assets are preserved. By all means retain a watching brief as long as those loans exist to see that these assets are preserved, and that neither you nor future generations in England may ever be called upon to pay a penny due to the liabilities you have incurred.

Sir, I quite agree that this is not the place nor the occasion to go into further details with regard to financial safeguards, but I find just one sentence in the Report which I think it is very necessary to point out, lest I am taken to task when I return home and accused of being associated with it without contradiction. It is this: "The Majority of the Committee adhere to the principles enunciated in their previous Report."

Mr. Prime Minister, you will remember that last year when this House was in Committee we had occasion to discuss this matter and to express some disagreement. I cannot, I am sorry to say, state to-day that anything has happened in the interval to change the opinion I then expressed.

Now, Sir, coming to the Report on discrimination, I am sorry to have to mention that I am one of those who are of opinion that the formula that was presented last year is distinctly better than your Report of this year. I do not say that simply because I happened to be associated in a humble way in working out that formula, but because that formula, if properly interpreted, would be more satisfactory to India than your Report to-day. But it is even worse than that. You have introduced into your Report of this year a point which, if my memory serves me aright, was never discussed or considered last year. You talk of administrative discrimination. I do not remember ever having considered, either at the Conference or in private conversation, this question of administrative discrimination. I, for one, do not understand what it means. I was of opinion and firmly believed that the foundation of the principle we discussed last year was reciprocity. Is there any reciprocity when we come to administration discrimination? Are you in this country bound down not to discriminate against us administratively? Where is your principle of reciprocity when you go and introduce a new principle called administrative discrimination? And what is administrative discrimination? It strikes me, Prime Minister, that we Indians are obsessed with the idea that the old state of affairs is going to continue in India. We do not visualise and cannot visualise an Indian Government. Englishmen are obsessed with the idea that when there is a change of government there will be retaliation. Both Englishmen and Indians, suffering under this illusion, are asking for safeguards.

We are afraid—not I personally, but Indians are afraid—that when you want such safeguards you desire that the present state of affairs shall continue for ever. It cannot be denied that Englishmen in India have had on many occasions favourable treatment because they were Englishmen, and had more ready access to the highest officials in the land than the highest placed Indians. I can give you instances of Indian firms having had to employ an Englishman simply to be able to interview high officials, when the head of that firm, the owner of that firm, the proprietor of that firm had not that power of access. It was this that helped Englishmen to build up to a certain extent—only to a certain extent—their trade and commerce. Indians are obsessed with the idea that this sort of thing is going to continue. You, on the other hand, are obsessed with the idea that Indian Ministers will not be accessible to you in the future; that your trade and your industry will be handicapped because there is an Indian Government.

Prime Minister, let us forget the past and believe in the honesty, the straightforwardness and the spirit of equality and justice of Indians. Your energy, your powers of organisation, your financial strength, will enable you to hold your own in India in the future as in the past without such safeguards. I am one of those who believe that when an Indian Government comes into existence the Englishman will have more favourable treatment than in the past because Indians will find that they require the assistance of Englishmen, they require their financial assistance, their organising ability, their energy, and for their own advantage they are surely not going to neglect such opportunities as will come to them of equal partnership with Englishmen in industry and commerce.

But what does this administrative discrimination mean? Does it mean that every Indian Minister is liable to be dragged through a Court of law if he gives a contract to an Indian firm in preference to a European firm, because the European firm may have tendered two per cent. less? Does it mean that every appointment made by a Minister is to be brought before a Court of law for discrimination because he appoints a Hindu or a Muhammadan? We have had enough of that, Prime Minister. Even without such safeguards, I, neither a Hindu nor a Muhammadan, have perhaps been accused in this way of discrimination because, when I had the honour of being a Member of Government, I happened to appoint either a Hindu or a Muhammadan. Surely the disappointed party is bound to create a fuss if you have said safeguards. Am I, as a Minister, to be dragged before a Court because I give a contract to one firm and not to another, as I believe it is in the interests of my country? Am I to be threatened with public exposure because, in the best of good faith, I appoint a European and not an Indian to a Government post? What do you mean by administrative discrimination? It is practised every day by you. "Buy British goods" will be interpreted as discrimination. Prime Minister, what would your House of Parliament say to you if you gave a big contract to a foreign firm because it quoted two per cent. less? I

should call you unpatriotic. I woul say you were neglecting to do your duty. But you would be accused of discrimination under this clause. You must eliminate that clause. You cannot work it. Do not let us mistrust each other and talk of administrative discrimination. I can understand some talk of legislative discrimination, where you can judge it and where a Federal Court can adjudicate; but I cannot understand administrative discrimination.

I beg of you, Mr. Prime Minister, to apply your mind and I beg of Lord Reading to apply his mind to this question of administrative discrimination. It is going to lead to great trouble, not only between Europeans and Indians. It is going to lead to great trouble between Indians and Indians, and this is not the time to add fuel to the fire in communal questions. We have had bitter experience, we who have had to run the machinery of government, of other instances of administrative discrimination, and you, Mr. Prime Minister, must have had experience also. I would beg of you to drop this question and trust to good feeling and the sense of justice.

Mr. Prime Minister, I do not desire to take more of your valuable time. I have only to mention one point which has loomed large in the last week. We have heard rumours—they may be quite incorrect—but your press, or a certain section of your press, have not failed to remind us that there may be something in that rumour, and that is that we may have to go back to India and tell our people that we have brought back just now merely Provincial autonomy, and a Provincial autonomy which cannot be proved to be Provincial autonomy. We have heard a good deal about it and I do not desire to repeat what was said in the Federal Structure Committee, but I would sound a note of warning. There are men like myself who are determined to the end of their days to fight for the British connection, who have spent many, many years of their lives in this country and who consider England as their second home. Do not place them in a position in which they will be unable to fight. Do not wipe them out of the picture, in the language of Sir Tej Bahadur Sapru, whatever you do. If, Mr. Prime Minister, you make a mistake at this critical juncture you will wipe men like myself and a good many of my friends out of public life. We are not going to join the non-co-operation movement, but there will be no school of thought to which we can belong. We are against non-co-operation. We firmly believe it is not to the best interest of our country. Do not let the masses of the people believe that non-co-operation is the only method of gaining liberty in India. If you do so you will not have a friend left in India, and what is more important you will wipe out of existence those friends who have stood by the British connection all their lives and are determined to do so to the end of their lives.

It is in your hands to keep us with you or to drive us away. It is in the hands of your Parliament, and may Providence guide their footsteps aright during the next week. If it does, India will be the greatest asset in the Empire of the future; if it does not, the

Empire may go, along with India. It may be that India will go first to rack and ruin, but the Empire will follow. I sound this note of warning as one educated in this country, and determined to support the British connection.

Dr. Narendra Nath Law: Mr. Prime Minister, I am grateful to you for giving me this opportunity of addressing a few words to this Conference. A heavy sense of responsibility rests on each one of us, and I hope that before we leave this country we shall be in a position to carry unimpaired the trust that has been reposed in us. The Province of Bengal, to which I belong, is at the present moment passing through a critical period. In addition to the economic distress which is common to every part of India, the outbreak of political crimes and the strong policy adopted by the Government have produced an extremely tense atmosphere throughout the Province. I yield to none in my regard for public peace, tranquillity and constitutional progress, but it is necessary to make a proper diagnosis of the evil. The problem of anarchism in Bengal is not so much a problem of the police as a problem of statesmanship. Thousands of young men in the Province, well-educated and belonging to respectable families, are chafing in acute discontent owing to their inability to earn a decent living. Unless we set up a Government responsible to the people, with adequate financial resources, and able to push forward a vigorous policy of economic reconstruction, the problem of anarchical crime will not be attacked at the root.

The policy of repression and reprisals, ordinances and convictions without trial, involving not only the few that are guilty but the many that are not, will scarcely commend itself to the far-sighted statesmen who really desire to remove this evil from the country. To my mind, the right remedy in order to stamp out terrorism is to take with us as the final outcome of our labours a full measure of self-government. That would remove all grounds for discontent by laying the foundation of economic prosperity. It is with the deepest conviction that I make this statement, and I appeal to you to realise the situation and to apply the right remedy to what is undoubtedly a grave distemper in our body politic.

The absence of a communal settlement is a regrettable feature in our efforts to reach agreement on the problems before us. So far as Bengal is concerned, our case has been briefly but well presented by my esteemed colleague, Mr. Basu. I endorse every word of the arguments he has used against communal electorates. I do not think it at all reasonable to introduce a statutory communal majority in the Legislature for a majority community, which would mean in effect the shaping of every law and of all policy according to the terms that a particular community, as such responsible to a section of the people on the basis of religious fellowship, chooses to lay down.

Nor can I forget the large body of Nationalist Muslims in our Province who are not represented at this Conference and who have declared in favour of joint electorates. It should not be thought

that I am hostile to the protection of the Muslim minority. I subscribe to every item of the fundamental rights which seek to protect the culture, language, script, education, profession, and practice of religion, and religious endowments, but I cannot, consistently with the principles of responsible government, support the view that there shall be in the Legislature in Bengal a permanent majority of members of a particular community who would have to account for their actions to a definite section of the population merely because they profess the same religious faith.

The Hindus, who are in a minority in Bengal but do not want separate electorates, are all opposed to any separate electorate for any community, religious or racial, far more for a community which constitutes a majority of the population. Assuming it were possible for me to accept separate electorates out of expediency, still I cannot support the provisions for a communal settlement drawn up by five Delegates of the Conference, because, among other reasons, it fails to allow any representation to such economic interests as commerce, landholders, labour, etc.

In a separate memorandum I have already shown why separate representation should be allowed to the landholders, and I am glad that this proposal has been generally approved. No less important is the representation of commerce. The first few decades of national development should pre-eminently be economic and commercial, and it is essential that the interests and points of view of Indian commerce and enterprise should be specially provided for in the Legislatures. A member returned from a general constituency cannot, in the present state of opinion and economic development in our country, be depended upon to press the views and requirements of Indian commerce and industry on the notice of the Legislature. Bengal, which is industrially and commercially backward, needs this special representation as an indispensable provision. All the knowledge and experience of Bengal's commercial men must be brought to bear upon the future development of her commercial enterprise, which a National Government must make its special charge.

A reference to the provisions relating to the five minority communities discloses that in Bengal, apart from the statutory majority of 51 per cent. for Muslims, the Hindus, with a proportion of 43 per cent. of the population, are to be given 36·5 per cent. of the representation—that is to say, with a *negative* weightage, within which are to be provided the seats for commerce, landlords, labour, etc., all on a communal basis, while the Europeans, who constitute not even 0·1 per cent. of the population, will have 10 per cent. of the seats.

I would now turn to the financial aspect of Federation so far as it affects Bengal. On this question I feel very keenly—in fact, the whole Delegation from Bengal feels likewise—and my esteemed colleague, Sir Provash Chunder Mitter, who represented us on the Federal Structure Committee, but is not here at present, has already

submitted certain proposals, with our full authority and approval, for your consideration. We are of opinion that Dominion status would be of poor avail to us if we did not get resources enough to put our own house in order. Bengal, which produces substantial wealth, is, in fact, the poorest in point of nation-building services among all the provinces of India, with the exception of Bihar and Orissa.

We have already submitted a proposal for the transfer of the jute export duty to Bengal. The revenue from jute is wholly obtained from Bengal, and it has been a serious complaint of Bengal ever since the last financial settlement, that this duty should have benefited the Centre without any compensating advantages for Bengal and in fact at the cost of her progress along all constructive lines. Just as excise on liquor, narcotics, and drugs has been, under the scheme of the Federal Finance sub-Committee, transferred to the Provinces, while other excises have been retained for the Centre, the export duty on jute can easily be made Provincial, retaining, if necessary, the other export duties for the Centre, without any grave injury to financial principles and administration. I am aware, of course, that personal income-tax will, under the present scheme, be available for distribution to the Provinces by the Federal Authority, subject to certain contingencies. But this source of revenue cannot be relied upon to yield a substantial amount in the immediate future. It is for this reason that I am strongly in favour of finding for Bengal a more certain, immediate and substantial source of revenue in addition to the proposals which have already been made. I find that the only source of revenue which will satisfy all the requirements of the situation is the export duty on jute.

As regards commercial discrimination, I have already expressed my views in my memorandum, copies of which have been circulated. I have noted the Report of the Federal Structure Committee on this subject and I find that it is in some respects a distinct improvement upon the provisional clause formulated last year. I, however, want to make myself clear on one or two points. A reference to paragraph 18 of the Fourth Report of the Federal Structure Committee creates the impression that India will be under the obligation to extend to the nationals of those parts of the British Empire which discriminate against Indians the same rights and privileges which are extended to those parts of the Empire that do not. I cannot support this view. We should have complete freedom of action in respect of the policy to be followed in the future governing our relations with such countries. Paragraph 18 of the Fourth Report of the Federal Structure Committee should be amended accordingly. Then, again, in paragraph 21, the remark is made that where a larger business makes use of unfair competition, the general law should be sufficient to deal with it. I do not understand how, in the absence of any powers for special legislation, such unfair competition can be checked. Therefore it is necessary that there should be some provision by means of which the large business may be

prevented from employing, or from having the opportunity to employ, unfair methods that may kill a struggling Indian industry. At the same time, abuses of this provision should be guarded against.

Sir, a few words more and I have done. I have taken up your time with the problems of Bengal, because they loom large in my mind. I want to see a prosperous and contented Bengal, because I want to see a prosperous and contented India. There cannot be a happy India with an unhappy Bengal. We have come this great distance to win for India an honourable place in the comity of nations. On that there is, fortunately, no divergence of opinion. The British Government is bound by its pledges, and we have come here to see those pledges implemented into a great Charter of Indian Liberty, bringing an era of peace, goodwill, and progress to a land of three hundred and fifty millions of people.

H.H. The Nawab of Bhopal: Mr. Prime Minister, I have had the privilege of attending the Federal Structure Committee throughout its sittings, and have had full opportunity of expressing my views on various questions that have been discussed there. I therefore do not desire to take the time of this Conference by making any comments on the different Reports. This, with your permission, Mr. Prime Minister, will be done in a brief manner by our pro-Chancellor, His Highness the Maharao of Cutch. I will only say a few words and will confine my remarks to the general aspects of the problem. As the work of the Conference has proceeded from day to day I have become more and more convinced that the one solution of the complex problems of India is the creation of an all-India Federal Constitution. If the integrity of India is to be achieved, if she is to have peace, if she is to be, in the words of Sir Tej Bahadur Sapru, an India which will be one single whole, each part of which may be autonomous and may enjoy absolute independence within its borders regulated by proper relations with the rest, then an all-India Federation to my mind is the only solution. All of us who are representing the Indian States at this Conference will, I assure you, Sir, be prepared whenever called upon wholeheartedly to co-operate to achieve this object and to complete the work in a manner which will bring satisfaction to the States, to British India, and to the country as a whole.

You know, Sir, as well as any of us that notwithstanding the unfortunate dissensions, mistakes and even failures nothing can dim the steady flame of India's legitimate desire to be an equal partner in the British Commonwealth of Nations. Nobody has denied that the realisation of this desire must be subject to such reservations as may be necessary in the interests of the Indian Empire. May I therefore request you to utilise this opportunity to bring peace and contentment to India? And you, Mr. Prime Minister, are the best judge to decide what will really lead to this. Proceeding on the basis that the Central Government should be a Federation of all India, embracing both the Indian States and British India, after mature deliberation the Indian States Delegation decided last year

to support the demand for responsibility at the Centre. We still adhere to that decision.

We are, Mr. Prime Minister, friends of the Empire. No arguments are needed in support of this statement. As a friend of the Empire I should like to say that in my judgment it would be highly inadvisable, and if I may say so, even unfair to all of us, if by any chance decisions were taken which might be in conflict with the purpose for which this Conference was convened, or be at variance with the principles on which we have been working throughout the year, both in India and in England. Therefore, Sir, in the best interests of the Empire as a whole and for the sake of knitting together more closely the ties of goodwill and affection between Great Britain and India, I beg you to formulate some scheme which will permit the continuance of the work, the foundations of which were so well and truly laid by your famous declaration of January, 1931.

After all, Sir, the method of conference and of argument and reason is in my view the only satisfactory method of dealing with questions such as we have been discussing round this table, and I feel that neither England nor India can afford to forego the opportunity presented to us by this Conference of arriving at a satisfactory settlement of our problems. Any other methods of dealing with these matters, or too wide a gap in the progress of our work may lead to further misunderstanding in India, a possibility which should be avoided if it is at all possible to do so.

One word more, Mr. Prime Minister. We have learned to love and respect our friend, the friend of India, Lord Sankey. No word of appreciation, no tribute, can ever be too high for the great work he has been doing as Chairman of the Federal Structure Committee. We want him as early as possible in our midst in India; we want him to continue to preside over our deliberations, to help us in solving our problems and completing our work. We hope, Mr. Prime Minister, that you will be pleased to accede to our wishes.

The Maharaja of Darbhanga: Mr. Prime Minister, I take this opportunity of welcoming you in our midst again in the presidential chair of the second Plenary Session of the Indian Round Table Conference. It must undoubtedly be a matter of just pride to you, Sir, and it is a matter of joy to me and to all assembled here, to find that you, a veteran politician and the admitted leader of the British nation, are here to preside over and guide aright the epoch-making deliberations of this epoch-making assembly for framing the future destinies of India. We have never doubted that you were actuated by sincerity of purpose in setting yourself to that task. It was with mingled feelings of joy and pride that I watched from day to day the events on the political horizon in England, your part in the general election, your energy, your determination, and, above all, your foresight and unprecedented victory. The nation has realised that you can be safely trusted to give a correct lead, and we have seen for ourselves how you have undertaken that glorious task.

I have said all this to assure you, Sir, that I depend on you, as so many here do, to solve the problems confronting Britain and India and to let India have a full share at the psychological moment in the history of our struggle to raise her to her full stature in the comity of the nations of the world as an integral part of the British Commonwealth of Nations.

The task is difficult, but not for you I am sure. That it is a complicated one will be admitted on all hands, but that cannot be helped in view of the different shades of opinion to be entertained and respected, the different classes and communities to be provided with adequate safeguards and guarantees in the evolution of the new constitution of India.

The idea that an adequate protection for safeguarding the interests of the various important classes or communities or interests as I prefer to call them, would lead to an undesirable fragmentation of the nationalistic ideal does not wholly commend itself to me, for if any one important component part or entity is not cared for the construction may be defective. The landlord class, to which I have the honour to belong, have the largest and most important interests at stake in British India, and they should be adequately preserved and safeguarded.

This is the class which is free from any communal bias or tinge so far as their common interests in principle are concerned. The landlords of all the Provinces in India claim their lineage from ancient houses, who have held lands for ages past. The grants of land to us have been made either in recognition of military services rendered to the State or for some other potent reason, and these grants have to be respected and their integrity has to be maintained in future in any new scheme for the Government of India. Our previous history is that of unalloyed loyalty to the Crown, and we have, whenever occasion presented itself, helped for the maintenance of law and order. We have always respected the pledges expected of us and we trust the pledges given to us will be equally respected by the British Government. Apart from this we have, none the less, done our little bit for progress and development of the Indian nation. During the war our class came forward and helped the Government with men and money to the fullest extent of our capacity. The landlords have always, by their active co-operation in more ways than one, helped to carry on the administration of the Provinces to which they belong, in particular and also in general. For all these considerations combined, I do want to impress on you, Mr. Prime Minister, and on my brother Delegates as well, that the landlord class forms a special class with peculiar problems of its own—apart from the common problems of public weal—and as such deserves special representation in any new scheme of government. This class should also have an electorate and a quota of seats in the Central as well as the Provincial Legislatures, commensurate with our interests. It will not do for us to seek entry into the Legislatures through the general constituencies alone evidently for more reasons than one and I am gratified to see that

the Lord Chancellor and his Committee have recommended the retention of our special representation. We desire it for the preservation of our rights and for the preservation of our class as a whole and cannot in any way be blamed for it. We do not, by putting forward our claims, want to enrich ourselves at the cost of others, or impede in any way the march of our country towards progress, leading to full nationhood, but we cannot allow the rights and privileges of our class to be ignored or encroached upon.

This brings me to the implications underlying the Permanent Settlement. Sanads granted to us under the Permanent Settlement should be regarded as solemn pledges and their binding nature and sanctity should not be minimised. Any attempt to disregard these or to nullify their value by the imposition of fresh taxes on agricultural incomes will be deemed nothing short of a breach of faith. These sanads ought to be regarded as charters of our fundamental rights and should be respected and safeguarded as such.

In regard to the question of Legislatures I should like to impress upon you the necessity of having Upper Houses in the Centre as also in the Provinces where the different interests should be adequately represented. A Second Chamber is necessary in that it does exercise a salutary check on the impetuosity of the Lower House in many matters and in many ways. It is all the more necessary for a balanced use of power, and, unless there is a check or a chastening factor, power stands in danger of being abused.

I shall not take up more of your time, Sir, and would finish by briefly adverting to one more point. The tendency of Indian Legislatures has of late been to dabble with problems of social reform adversely affecting the religious ideas and traditions of the Hindu community at large. Religious matters or social reform should not be allowed to come within the purview of Legislatures. These questions should not be allowed to come before the Legislatures but should be left alone to the leaders of the community or to the care of time and the advance of society in the line of reform by itself. Any such step is regarded as unauthorised and wounds the feelings of those who hold their religious traditions in sacred esteem. The policy of non-interference in all such matters ought, therefore, to be strictly adhered to and to constitute one of the fundamental privileges of the Hindu society. Thank you again, Mr. Chairman.

(The Conference adjourned at 1-10 p.m. and resumed at 2-30 p.m.)

Mr. Fazl-ul-Huq: Mr. Prime Minister, Sir, I will not pretend to make any attempt to discuss the whole field of activities of the Round Table Conference, but at the present moment I will confine my remarks to a very brief statement of the Muslim case in Bengal and Assam. In doing so I propose to avoid arguments as much as possible and to allow facts to speak for themselves. I thought that the Clerk of the Weather must either be an Indian or that he must be in profound sympathy with Indian aspirations. Except for one or two occasional breaks, you have enjoyed ever since the Indian

Delegates set foot in this country a spell of glorious weather, which reminds us of all the glories of an English summer. It seems, Sir, that the celestial powers are co-operating with you in trying to evolve a suitable constitution for India.

Sir, I do not, in what I am going to say, wish to raise any controversial issues. I will try to avoid heat as much as possible, and in my own way throw some light on the very difficult problems confronting you and the Government.

I have heard it said that the Muslim claim for a majority representation in the Punjab and Bengal would lead to a statutory majority for a particular community, a result which would be fundamentally opposed to all conceptions of responsible government. To those who advance that argument I would only say that the implications of any contention of that character would simply mean that India is not a good field for the introduction of representative institutions at all. If you will look at the distribution of the population of the various communities in the Provinces, you will find that, except for the Punjab and Bengal, the Muslims are in a hopeless minority in six out of the eight Provinces, the Muslim proportion in the population never going beyond twenty per cent. and in one or two cases coming so low down as four or five per cent. If responsible government is introduced into India, the various Legislatures would only be creatures of Statute, and you would find that in all the Provinces one particular community, whatever your system of electorate may be, will be in a dominant position over the rest. If adult franchise is introduced, I expect that the population ratio will be reflected on the electoral rolls. I would ask my friends to consider whether, in a Province in which the Muslims are, for instance, only three per cent. in the population, without any reservation of their interest of any kind, it would be possible for even a single Mussalman to find a seat in the elected Legislature.

If that be the position, and if it is argued that it is opposed to all systems of representative government to grant a statutory majority to any community in any Province, then the argument simply means that India is not fit for responsible government, because by introducing responsible government you are, whether you wish it or not, in six of the eight Provinces placing one particular community in a very dominant position for all time. Now, Sir, we the Muslims know very well that responsible government for India means that our Hindu friends will have seventeen shillings in the pound. We do not grudge them the seventeen shillings; all that we want is that in the three shillings that remain we and the other communities will be allowed to have our proper share.

Now, Sir, so far as the question of electorates is concerned I will not at this moment say much with regard to the merits or demerits of separate electorates. I wish to remind those of my friends who still wish to raise the question that so far as the Muslims are concerned we consider that this privilege of separate electorates is very safely entrenched behind promises and declarations of Prime

Ministers, of Secretaries of State, repeated time after time by Viceroys and Governors of Provinces, long before there was any promise of any kind for responsible government in India.

These separate electorates have got a history. They really enable the Muslims and others to get opportunities for co-operating with the other communities in advancing the common interests of the country as a whole. As a matter of fact these separate electorates are being acted upon in daily life. When you, Sir, want a particular group of Delegates in this Conference to express their views you leave it to them to select their own representatives. I consider that a kind of separate electorate. Suppose you want twenty speakers. You do not ask the Delegation as a whole to select those twenty speakers. You ask the Muslims to select one or two, the Depressed Classes to select their representatives, and so on, and I submit Sir, that that is the principle of separate electorates, being acted upon in the ordinary affairs of daily life. My friend, Dr. Narendra Nath Law, speaking this morning, was very much against separate electorates, but when he finished his speech he put in a particular plea for representatives of landlords and the mercantile classes. What are those electorates except separate electorates? You take a number of persons owning property, not the whole body of them, but only a certain proportion who pay a certain amount towards Government revenue. You class them apart from the rest of the people and you agree that they should be placed on a separate register and select their own representatives. Is not that a separate electorate?

Dr. Narendra Nath Law: But not on religious lines.

Mr. Fazl-ul-Huq: Then we come to the question of economic divisions. I fail to see how there can be a difference of view as regards the treatment of economic questions between any body of persons residing in a particular country. There may be differences on points of religion, but there cannot be any difference in points of view so far as economic points are concerned. I may remind my friend, Dr. Narendra Nath Law, that I am in entire agreement with him on the plea he put forward regarding better financial treatment for Bengal than has been received in the past. I say that there ought to be separate electorates, but on economic questions anything which involves financial assistance in order to get properly on the path of constitutional progress, Hindus, Muslims, Christians, all Indians inhabiting a Province, ought with one accord to speak with one mind.

Therefore, Sir, if there is no necessity for having separate electorates on the basis of religion, there is still less justification for having separate electorates mainly on considerations of finance, and other considerations of that kind.

My friend has said that so far as Bengal is concerned there is a body of Muslims whom he calls the Nationalist Muslims who are in favour of joint electorates. I have heard that expression "Nationalist Muslims" used, and I, for one, wish to testify that

to me that expression is absolutely meaningless. Every Muslim is a Nationalist; there cannot be a division of Muslims into Nationalists and non-Nationalists, any more than they can be divided into tall or short and fat or lean. I consider " Nationalist Muslims " is as much a meaningless term as would be " Protestant Catholics." I therefore refuse to believe that so far as Bengal is concerned there is any body of persons who can be called Nationalist Muslims in the sense that their views with regard to the system of electorates are essentially different from ours.

There are certain persons in Bengal, I know, who are in favour of joint electorates, but my friend conveniently forgets that that group of persons have stipulated that, if separate electorates are replaced by joint electorates, the Mussulmans of Bengal shall have representation to the full extent of their population ratio. If representation to the full extent of the population ratio is given to the Mussulmans of Bengal, then personally, so far as I am concerned—I do not speak on behalf of the Muslim Delegation at all—I would accept joint electorates for Bengal, but only provided the full quota is given to me on a population basis. I do not think my friend, Dr. Narendra Nath Law, will accept that position.

Consider for a moment the case of Bengal. I do not at all ask that the Bengal Mussulmans should be given any protection of that kind, but what I do ask is that the Bengal Mussulmans, who constitute more than fifty per cent. of the population, should have sufficient opportunities given to them to take their proper share in the activities of the country.

What is at the present moment the condition of affairs in Bengal? There are twenty-eight districts, in thirteen of which the Muslims are in a majority; in three the two communities are in a position of equality, more or less, and in twelve districts the Hindus constitute an overwhelming majority.

Then there is another point with regard to the distribution of the population which must not be forgotten. Our Hindu brethren are most numerous in urban areas, and in those parts of the rural areas where they are in a minority they tend to congregate in certain portions of the districts. The result is that if there is no reservation of any kind for the Muslim community, and there is an open election on a common electoral roll, our Hindu friends will not only capture the seats in the twelve districts where they are in a majority, but also in the three where they are on an equality with the Muslims, with the result that the Muslims will not be able to secure the proportionate ratio to which they are entitled on the basis of population.

This, again, is on the assumption that the Hindus and Mussulmans are equally competnt to take part in elections with equal resources and powers of organisation. In actual practice, however, there are factors which tend to discount the Muslim position and which must not be forgotten. The Mussalmans of Bengal at present are mostly agriculturists, poor, illiterate, disorganised and unable to

appreciate the value of a vote or the necessity of combining together for the purpose of sending representatives to the Legislature to represent their views.

When all these factors are taken into consideration, it will be evident that although the Mussulmans may constitute, on an average, a majority in numbers, they will not be able in an open election on an equal electoral roll to secure the position to which they are entitled in view of their preponderance in the population. A formula which will not take account of exceptional circumstances but is based on an average majority of the population is as much an absurdity as a plan to construct a doorway whose dimensions are determined on the basis of the average height and bulk of mankind. You cannot do that; you must take into account the various factors which come into play, and having done that, and having faced the facts as they are, you will at once see that under present conditions the Mussulmans do not get, even in Bengal, that opportunity to which they think they are entitled. All that I plead for, Sir, is that we should be given opportunities to take our proper share in the administration of the affairs of our country and to be partners with the other sections of the community in the civic and administrative life of the Province.

If Swaraj really intends this message for all, I submit that the progressive realisation of responsible government in India demands that the participation of Indians of all classes in the work of administration should be so arranged that all the communities may have equal opportunities to show how much they are prepared to contribute to the common good. If the situation needs adjustment in certain matters, that adjustment should be made. You need not depend merely on theories in order to decide whether a particular course should be taken or not. My friend, Dr. Moonje, in the note that he has circulated, has referred to the opinion of Sir Austen Chamberlain condemning the system of separate electorates as being opposed to the principle of responsible government. I wonder if Sir Austen Chamberlain has come across two such incongruous specimens of humanity as Dr. Moonje and myself—professing different religions, worshipping different Gods.

A Member: The same God.

Mr. Fazl-ul-Huq: No, it cannot be the same God. My God is for separate electorates; his God is for joint electorates. So far as my God is concerned, he is for separate electorates. Dr. Moonje's God is all for joint electorates. Differing in manners, in customs, perhaps in food, what is more, we have been placed by our religions into such watertight compartments that Dr. Moonje's and my children will never inter-marry with one another. Has Sir Austen Chamberlain taken note of these conditions? I submit, Sir, that you should deal with India not as it should be but as it is, remembering always that if there is any possibility of removing some of the obstacles to future development every attempt should be made to have those obstacles removed. It is not statesmanship to shut your eyes to obstacles if they do exist. Suppose I wish to go out

on a journey, and I find that it is raining, it is pouring, I certainly take a raincoat and an umbrella rather than sit down at the door and try by means of astronomical calculations to find out what is the cause of the rain or whether the rain is opportune or not. It is one thing to find out causes; it is another thing to take note of the effects which those causes produce. At the present moment India is in such a condition that, most unfortunately, it is impossible for the various communities to take that broad view regarding the main interests of the country as a whole which one would have expected in such a critical period in the history of the country. We, Sir, the Delegates to this Conference, whether we are representatives or not, at least all of us have had the advantage of an education which, I may say, has been to a large extent very liberal. Many of us have had the additional advantage that we have had a liberal education in India supplemented by a liberal education in England. And, after all, what is it that we have achieved as the result of our two years' labour in this Conference? The Round Table Conference has not been without its lessons. It has on the one hand dispelled the vile calumny that the British Parliament wants to put obstacles in the way of Indian constitutional advance. There is not a single Delegate here who can say that he has not been deeply impressed by the fervour, the ardour, the single-minded devotion of the attempt that has been made, under most unfavourable circumstances, in order to help us to solve our own difficulties and to render our task of constitution-making easy and smooth. But after two years' labour what is it that we have recorded? You have read it out this morning, Sir. We have placed before the whole civilised world the record of our dismal failure to adjust our differences. If we, educated and cultured people, who have been selected with some care by the Government of India to come here and discuss and try to arrive at a common agreement regarding the future constitution of our country, could not get rid of our communal bias and could not take a broad vision of the future, what do you expect of the illiterate masses in India to whom religion is everything, superstition is one of the mainsprings of whose action, and who naturally cannot be expected to take that tolerant and catholic view which you might naturally expect from a body of educated men?

It is no use saying that there is not an actual communal problem in India. The problem is there and it has been reflected in the work of the Round Table Conference ever since we set foot in this country. I say therefore that instead of trying to deceive ourselves and to deceive the world that there is no communal trouble in India, it is much better to take note of the fact that for at least some time to come this condition of things is bound to remain, and meanwhile it should be our earnest endeavour, by whatever means may be in our power, so to adjust the path of political advance that those who are at the present moment suspicious of one another may learn that true patriotism really transcends all communal considerations. To learn that, in order to affect the greatest possible good for our own country, we have got to recognise the fact that it is only by mutual

toleration, trust and goodwill that we can put forward all our efforts in order to achieve what we think to be best in the interests of our country.

Now, Sir, I will not waste your time by going through all the arguments that have been advanced for the case of Muslim representation in Bengal, but I will very briefly refer to one or two memoranda which have been circulated and which contain certain observations which I think require careful consideration.

I refer, Sir, in the first instance to a note circulated by my esteemed friend and leader, Mr. Basu, which has been endorsed by Dr. Narendra Nath Law word for word, as he has told us at this Conference. Mr. Basu says that the Hindus were given by the Lucknow Pact as much as sixty per cent. representation in the Bengal Legislature, out of consideration to their superior education, culture and the contributions that they have made to the general advancement of the Province. Now, Sir, in the year 1916 when this Pact was completed I happened to have the privilege of being in the Congress and the Muslim League and I took a not insignificant part in bringing about that Lucknow Pact. I know that the reason which actuated us in consenting to that extra weightage to the Hindu community in Bengal was not the consideration that they were entitled to it by any of the reasons to which reference has been made by Mr. Basu, but by reason of the fact that at that particular moment, owing to certain causes to which I need not refer, the Muslim world was in a ferment, and the Indian Mussulmans in particular, out of spite for the Government, wanted to come into some sort of agreement with the Hindu community to put forward a demand for the political advance of the country. I find that my remarks on this point have caused a certain amount of merriment; but I am not drawing on my imagination, as will be apparent from the fact that the Government of Bengal in its Despatch on the proposals for constitutional reform have themselves made certain remarks from which I will make a very short quotation:—

> "The annulment of the Partition of Bengal and the unsettling of that settled fact on the 12th December, 1911, had shaken the faith of the Muslims in the pledges and promises of British statesmen. The dubious attitude and policy of England during the Turko-Italian and Balkan Wars had also distracted and disturbed the Muslim mind. This drove the younger men of the Muslim League into the arms of the Congress, and resolutions passed by the League in 1913 bear unmistakable traces of Congress influence. Then came the Great War, in which Turkey was ranged on the side of the enemies of the Empire, and this sorely tried and strained the loyalty of the Muslims. Advantage was taken of this by Mr. Gandhi, who subsequently developed it into what he styled as the 'Khilafat wrong' and some Muslims were led to accept the Pact: but in reality the Lucknow Pact gave the Muslims

nothing substantial. By a clever gesture of peace and goodwill . . . . . ."

I hope that this gesture will be forthcoming in the Round Table Conference on the present occasion,

> "—the Congress politician succeeded in securing the acquiescence of a handful of young and inexperienced politicians of the Muslim League to the relegation of the Muslims to the position of a minority in every Province in India, including the Provinces of Bengal and Punjab, where they constituted a majority. Disillusionment followed soon, and the Muslims of Bengal and Punjab bitterly rue the Pact to this day."

This, Sir, is what the Government of Bengal has said about the Lucknow Pact. I think the less said about that Lucknow Pact the better. Responsible leaders amongst the Hindus themselves have repudiated the Pact and so far as Muslims are concerned every Muslim leader of any importance has since then seen that this Pact resulted in grave injustice to Muslims in the Punjab and Bengal, and they have repudiated it. I would refer also to what Mr. Das did in Bengal, admitting the position that Muslims should have sixty per cent. in the Bengal Legislature. That is known as the Bengal Pact, although it was thrown overboard by the Congress at a subsequent session. The fact remains that even in Bengal under certain conditions the Muslims wanted a certain amount of extra advantage given them to bring them up to the level of the other communities and enable them to take a proper share in the political activities of the country. Now Mr. Basu has remarked that the Government of India supported this Pact. As a matter of fact that Government did nothing of the kind. The Government of India protested strongly against the injustice done to Bengal and Sir William Vincent appended a separate note, strongly criticising the proportion proposed in the Pact for Bengal Muslims. Mr. Basu has said that recent elections in Bengal has shown that a majority of electors represented on local bodies have consisted of Muslims, and he argues that without a separate electorate, if Muslims are allowed to vote freely on a common register, they would be able to secure a proper representation. That argument to my mind involves an obvious fallacy. His statement is a misrepresentation of the realities of the situation. Well, what happened as a matter of fact is that in 27 local bodies out of 83, Muslims were able to secure a certain majority, but they are still in a minority in the rest of the local bodies. The Government of Bengal refers to this argument at page 92 of its Despatch on the proposals for constitutional reform:—

> "A reference has been made to the district board elections in Bengal, particularly East Bengal; but while example has been cited from Eastern Bengal, nothing has been said of Western Bengal. In the former, Muslim population is on an average 70 to 80 per cent., and that is why Muslims

are returned in large numbers. But what about Western Bengal, where conditions are just the reverse? On a reference to Appendix G of the Government of Bengal's publication entitled, 'Resolution Reviewing the Reports on the Working of District Boards in Bengal, during the year 1928-29', it will be seen that out of 15 districts that comprise East Bengal, the percentage of Muslim members of district boards is over 50 per cent. in 11 only; whereas out of 11 districts in West Bengal, the percentage of Muslim members varies between 4 per cent. and 23 per cent. in eight of them. The percentage of total Muslim members of district boards, taking both East and West Bengal, is only 40·8 per cent. It must be remembered that these figures include members who have been appointed by Government to adjust the communal balance. Almost the same percentage will be found in the local boards, and in the union boards it is still less. From this it will be apparent that, even taking the perponderating Muslim population of East Bengal with that of West Bengal, Muslims scarcely have a fair chance of being returned in adequate numbers through joint electorates."

Now, Sir, that being the position, I submit that it is not fair to us to say that the Muslims have got such a position in Bengal that separate electorates for them, even temporarily, cannot be considered to be a necessity.

Mr. Basu has also referred to the fact that separate electorates have lead to the formation in the Bengal Legislative Council of communal parties. This is the unkindest cut of all, because this is absolutely untrue. I say with the utmost emphasis that, although the Mussulmans have been enjoying these separate electorates for twenty years, they have never utilised these separate electorates to further their selfish ends or to advance communal interests. At the present moment in Bengal, as Mr. Basu himself must be well aware, the biggest group, the Praja Party, consists of a large number of Hindus and Mussulmans on a basis which has nothing whatever to do with communal considerations.

Then Mr. Basu says that communal electorates lead to communal strife. This is exactly what they do not do. If you have communal electorates, the voter and candidate belong to the same community and there is no necessity to appeal to communal passions. On the other hand, if you have a joint electorate it is likely that the candidates themselves will appeal to communal passions and thereby give rise to communal strife. As a matter of fact, only the other day at a place called Howrah, in Bengal, at a municipal election the voters actually came to blows and broke each other's heads on account of communal disturbance.

I am afraid I have taken too much of your time already, and I shall now conclude my remarks with one or two general observations. Englishmen have been brought up in an atmosphere of representative institutions. They are partial to their own system

of government, and consider it is almost the counsel of perfection. They therefore deem it their duty to bestow the benefits of this system on other people and especially on the people of India. But I submit, Sir, that this duty, which is more or less of a sentimental character, must be subordinate to the higher duty of keeping inviolate the pledges given to Indians by the Queen's Proclamation, which has been repeated by successive Sovereigns. The Queen's Proclamation granted to every one in India, to every British subject, the security of his political rights and privileges.

Whatever step you may take in India you cannot ignore the fact that every subject of His Majesty there, whether he comes forward to state his views or not, reposes confidence in you that you will do nothing which will imperil his political existence. If there is a conflict between these two duties, I submit most respectfully that the duty enjoined on you by the solemn pledges of your Sovereigns ought to prevail, and therefore I submit to you that you should never forget the fact that in the constitutional reforms which you are going to introduce into India, you must not imperil the well-being of those inarticulate masses whose interests have always been your most sacred charge.

Before concluding, I wish to refer to the observations made by Sir A. P. Patro in the course of his remarks this morning. I entirely agree with him that you can make and you should make a beginning by conferring provincial autonomy on the Provinces, even under the present Government of India Act. If you wait for the time to come when you can have responsibility at the Centre as well, you may have to wait for years and years.

The Lord Chancellor has said that we have collected the materials and that possibly we may have made out a plan for our future actions. I do not think we have been able to collect all the materials yet. It will take some time even to collect the materials; it will take some time to fill in the details in the plan you are going to make, and one does not know how many years it will take before you can finally build the structure; but, under the Government of India Act, even as it stands, with necessary amendments, you can, by means of transferring subjects, have complete Provincial autonomy at the present moment. That would be something like a good advance towards the ultimate goal that we have in view. I believe that if Provincial autonomy is introduced here and now, at the present moment, it will give the various communities an opportunity of coming together for common action, and I believe that this common action and common endeavour will generate, in the minds of those who are working for the common good, that much needed goodwill which will dissipate the atmosphere of communalism which at the present moment seems to prevail over India.

Then, Sir, I agree with my friend, Dr. Narendra Nath Law—with many of whose other observations I could not agree—that Bengal should be treated much more generously in the matter of finances than she has been in the past. I am reminded of the

story of a small boy who was asked when he was born. He said "I do not know when I was born; all that I know is that I have got a stepmother". So far as Bengal is concerned, we have always received most stepmotherly treatment, both at the hands of the Government of India and, unfortunately, at the hands of the Government here. Those who are responsible for the adjustment of finances seem to forget that, with the largest population of any Province in India, Bengal has been left with the most slender resources to carry on the work of even ordinary administration. It is no use conferring responsibility on the people of Bengal, or granting us Provincial autonomy, if you do not give us the funds with which to carry on our work for political advancement. You take away four crores every year as a tax on jute, but you leave it to the Government of Bengal to take all possible measures for the improvement of jute, and for looking after the health of the cultivators, to take such other steps as may be necessary to get as much out of jute as may be possible. I submit that this arrangement is neither just nor fair.

I will not take up your time by going into details, but I entirely agree with everything that has been said by Sir Provash Chunder Mitter and by Dr. Narendra Nath Law this morning, that in the matter of financial treatment Bengal should be treated more generously than she has been in the past.

As regards the electorates themselves, I would only wish to say that it is my considered opinion, shared by all the Muslims of Bengal who have at all considered that matter, that the various special electorates that now exist ought to go. There, in Bengal, we have got, for instance, seats given to the Marwari Association, the landlords, traders, moneylenders and the like. A handful of Marwari gentlemen living in Calcutta have a right to send a representative to the Bengal Legislative Council. People object to separate electorates for Muslims, but have not a word to say as regards the separate electorates for Marwari foreigners in Calcutta. Then there is the Association of Moneylenders, which does not contain on its roll one single Muslim member. Two hundred and thirteen of them have the privilege of returning one member to the Legislature, whereas in the general electorate I have got a constituency of twenty-one thousand voters. That is not only a disparity, but it is rank injustice on the people to foist on the electorate a special representation of that kind. I submit, Sir, that all these special electorates must be made to disappear.

As regards the landlords, they certainly deserve representation, but that will be found, as we have pointed out in the memorandum, in the communal quota that has been assigned to the various communities. Sir, I submit lastly that our Hindu friends have got nothing to fear if the Mussulmans get a slight majority in the Legislature. At the present moment they have got the entire administration in their hands; in the public services they are in an overwhelming number. To take an average, it works out at about ninety per cent.; and, after all, even supposing the Muslims were fifty or fifty-one per cent. in the Legislature, what have our Hindu

friends to fear? Sir, I submit that, so far as this particular matter is concerned, our friends should come forward with a generous gesture, give the Mussulmans a chance to see that they have got friends in the other communities and that they will be given an equal opportunity to work measures for the common good.

Prime Minister, I wish now to say a few words regarding the Muslim case in Assam. In the memorandum of agreement which we have submitted, we have suggested that the Muslims in Assam should have representation to the extent of thirty-five per cent. of the whole Legislature. My friend Mr. Barooah, in a memorandum circulated to the Minorities Committee has taken exception to this, on the ground that the Muslims in Assam constitute only thirty-two per cent. of the population and are not therefore entitled to thirty-two per cent. in the Legislature. Assuming, even, that the facts were as stated by Mr. Barooah, there could have been nothing incongruous if the Assam Muslims had got a slight weightage of only three per cent. The Congress resolution concedes to the Muslims of Assam reservation of seats on the population basis with weightage in the form of the right to contest additional seats. Mr. Abdul Matin Chaudhry, who represents the Mussulmans of the entire Province of Assam in the Legislative Assembly, has been pressing for forty per cent. of seats for the Mussulmans in the Assam Council. The Province of Assam consists of two distinct areas, the electoral area and the Hill Districts or Backward Tracts, which have not got the right to elect representatives to the Legislature. In the electoral or enfranchised area the Mussulmans form thirty-five per cent. of the population and the demand of the Mussulmans of Assam for forty per cent. of seats in the Assam Council is consistent with the Congress Resolution of reservation on population basis with weightage which has been conceded to the Mussulmans of Assam. Mr. Barooah has raised the question of transfer of Sylhet District to Bengal. On this question the Muslim opinion in Assam is emphatic and unequivocal. The Mussulmans of Assam are strongly opposed to the suggested re-distribution of territories, as it will reduce the proportion of the Mussulmans in the Province from thirty-five to less than twenty per cent. Besides, if self-determination has any meaning, Sylhet cannot be transferred to Bengal against the wishes of the inhabitants of the district who are preponderatingly Muslim.

Sir Padamji Ginwala: Mr. Prime Minister, I intend to confine my observations to one or two of the many problems which the Conference has been investigating for the last year or more. I propose, first of all, to deal briefly with only one aspect of what are described as safeguards, and then with the future military budget. If time permits, I shall say a few words about the future procedure which this Conference might adopt.

On the question of safeguards, perhaps it is just as well to remember that all of us have got into wrong habits of mind, and, as my friend, Sir Cowasji Jehangir, pointed out, there are obsessions on both sides of the House. But I would put it rather this way: safeguards have been demanded by one side and safeguards

have been refused by the other because, as I have just said, we have got into a wrong frame of mind. We are looking at the constitution as it stands to-day and we have not sufficiently realised how differently the constitution would look if some only of the reforms about which you have been talking are introduced. I need not remind the House that the constitution that we are working at present in India, especially at the Centre, is a constitution which creates irresponsibility both on the part of the Government and on the part of the Opposition. Here there is a Government in a perpetual minority, and an Opposition in a perpetual majority. The result of that is that there is suspicion—continuous suspicion—on the part of the Opposition; and it must be so. Even in this country, supposing there was an Opposition which saw no chance of Office within any measurable period of time, would you expect any sense of responsibility from such an Opposition?—not that there is much even to-day at times. But if, as in India, the Opposition is always in opposition, well, it is its business to oppose and it opposes. From that you are apt to imagine that when this Opposition comes into power it will behave in precisely the same way.

Now if that is the idea underlying political advance, then I have nothing to say; but if we suppose that some real responsibility will be transferred and that the Opposition when it comes into power will be responsible for the ordinary discharge of the functions of Government, then I do not see why there should be so much emphasis laid on what are now regarded as safeguards. We on this side refuse to give these safeguards in the form demanded by some because we still imagine that the Government would remain what it is like to-day. We forget that the Government would be constituted on a different footing, and that the safeguards that we are now refusing ought to be the safeguards which we for our own protection ought to agree to, and in our own interests.

So far we have had no real concrete proposals as regards these safeguards, and it is impossible to judge what is really asked for and what is really refused; but I submit, Sir, that when you do come eventually to define these safeguards more precisely they must fulfil three conditions. First, the safeguards must be adequate. They must be adequate for all purposes which we can foresee. Secondly—and this is much more important—they must be practical. It is no use aiming at safeguards which really cause irritation without serving any practical purpose. Lastly, they must be consistent with the constitution which we have in mind. You cannot have safeguards which destroy, so to say, the spirit of the constitution which you are about to introduce. Any safeguards proposed which do not fulfil all these three conditions should be summarily rejected.

Now, Sir, I do not wish to go into all the safeguards. I wish to touch only on those safeguards which I consider necessary in the interests of India and of those safeguards I only wish to refer to those which might affect the credit of India. Though I see the Mahatma in front of me, I am thoroughly impenitent on one point.

I have not yet been reconciled to his philosophy, which means rebellion against all material civilisation. I am one of those who believe that the political advancement of any country—it does not matter what country it is—does not depend so much on the kind of constitution it may possess, as upon the improvement of its material resources. Of course, a state of society is conceivable in which one has few wants, either as regards food or as regards clothing, but having regard to the good of the country as a whole, I maintain that it is by improvement in the material conditions of India that we have to look for its advancement in all directions, including political advancement. For that purpose what is the essential requisite? Money, more money, and still more money.

It is true that we have a population of three hundred and fifty million people, and if it was all mobilised we might be able to do without machinery or capital, but human labour alone cannot supply the needs of the country. We cannot improve the conditions of our labour, and raise the standards of our life merely by mobilising our labour. We want capital for that purpose. So far as I am concerned, I will get the capital the country requires from any source which may be available to me, and under any conditions—any reasonable conditions—which the lender may impose upon me. It is not for the man who wants money to impose conditions upon the man who wishes to lend it. Even this great country, with all its resources, had recently a very bitter lesson on that point. It could not find all the money that it wanted unless it submitted to the conditions which the creditor thought he ought to impose upon the country. If you want somebody else's money you have to satisfy him as regards the security that he is prepared to accept. It is no good your saying to him that you are offering to him something which is better than the security for which he is asking. You have to satisfy him that the security which he wants is a good one, and on no other condition will the creditor part with his money.

Now, I do not look on these safeguards in connection with credit at all as safeguards which are imposed upon us. These are safeguards which I am willing to offer to my creditor. I have borrowed his money and I mean to repay it, and I want to assure him that, whatever happens, his money is safe in my hands. That is how I look on this question of safeguards. It is not a question of the Secretary of State or Parliament or anybody else dictating to us what we should give. It is our duty to offer to our creditor, whoever he may be, the assurance that his money is safe in our hands, not only because we ought to respect his rights as they exist at present, but in order that we may induce him hereafter to lend us his money on the same favourable terms as before.

At the present moment, what security has the creditor got in India? I do not wish to enter into any constitutional discussion on this point at all. I look upon it purely as a matter of business. The creditor just now knows that he has a charge upon the revenues of India for his debt, but a mere charge will not satisfy a prudent creditor unless he has also the means of enforcing it in

some way or another. As I say, I do not wish to go into the Government of India Act on this point at all, but the creditor has believed up to now that there is some power somewhere, the exercise of which will protect his rights and ensure that sufficient provision would be made under all circumstances to meet his claims. There are these two things; first, he has a charge upon the revenues of India, and secondly he knows that there is some power somewhere—and he does not care where it is—which would be exercised if there was any difficulty in securing to him his claims.

Now, I do not say that it is necessary that at the present moment we should consider what securities we should give him at all; what I say is that he must be assured that his security is in no way changed by the transfer of responsibility from the present Government to the future Government of India. It may be that other means may be devised by which the creditor may be satisfied, but we must be perfectly sure that he is satisfied that his position under the future Government of India will be no worse than it has been until now.

It has been suggested that this is to put the creditor in the position of a mortgagee in possession. If that is the legal effect, then so far as I am concerned it will not disturb my peace of mind at all; for so long as I owe him money he must have his remedy against me. Therefore, in whatever constitution you may devise provision must be made that the rights of the creditors of India are properly secured.

Of course, I am arguing on the assumption, which is not denied, that we are not going to get Dominion Status at one step. It is admitted, I think, by all sides except the Mahatmaji and those who agree with him that there is a transitional stage during which some provision has to be made to see that neither the machinery of Government breaks down nor the credit of India suffers in any way; but so long as there is this transitional period I do not see how we can escape some of these safeguards.

Now, Sir, I wish to deal with the military budget. I have followed with very close attention the deliberations of the Federal Structure Committee—this year at any rate, though I have not been a member of it—and the discussions which have turned upon this question. It is generally agreed that so long as India is in need of the British Army the control of the Army must remain with the Governor-General, and the discussion has proceeded on the question by whom the Minister should be appointed and what his position ought to be, or whether he should be an Indian or whether he should be a non-Indian. That, to my mind, is a small matter compared to the question of some control over the military budget. The only discussion on this point that took place, at any rate whilst I attended the meetings of the Federal Structure Committee, was that the military budget should be put on what may briefly be described as the contract basis—that is to say, a certain sum of money should be handed over to the military authorities during a certain period, and that periodically that amount should

be revised. Now, I submit, Sir, that that is very bad finance. If you hand over a certain sum of money to anybody—it does not matter who it is; it may be your son, to whom you are giving a fixed allowance—there is no guarantee that the money would be properly spent or that there would be any economy in expenditure. A man who has got a fixed sum of money given to him by another takes good care that he spends the whole of the money. Not only that, but he may enter, during the subsistence of the contract, into commitments of such a nature that when the time comes for revising his allowance the position may be such that you may have not only to agree to the sum formerly allowed but you may have to increase it. That, you would agree, has many disadvantages.

In the first place, as I have said, it would not lead to any economy; but that is small as compared to another disadvantage which I shall presently mention. That is that it will not familiarise the Assembly with military expenditure. Any man who has been in charge of the smallest department will tell you that unless he is in frequent and constant touch with the money that is spent by that department, he learns little about the work of the department. Of all experts I believe military experts are the biggest tyrants. There is no getting away from the military expert. Even this great Government here is ridden by experts, military and other. But the military expert is the one individual who has to be constantly kept under check, especially as regards expenditure. If the Assembly or any part of it has got no grip at all on this question, the time will never come when you will cease to say that the Assembly had no experience as regards Army management and military expenditure, and therefore that it would not be safe to transfer military control to the Assembly.

Now, Sir, personally, I would have been willing that the present system had remained, under which the military budget, is, of course, in so many words, not subject to the debate of the Assembly, but is brought under debate. Lord Reading will remember that when he was Viceroy a resolution was adopted by the Assembly. It was unanimously adopted, excluding the official members; every European member also supported the resolution, that, under the discretionary powers that the Governor-General had under the Statute, for the period of one year the military budget might be submitted to debate. Lord Reading, the foremost lawyer of his country of his time, was not so sure of his law, and is said to have taken legal advice. He was told that though according to the letter of the constitution that was possible, it would not be consistent with the spirit of the constitution, and therefore even that modest request of trying the Assembly for a year was not granted.

Therefore it is no use my suggesting that that should be done; on both sides of the House there would be opposition, because that would imply power in the Governor-General to restore rejected grants, and I am not making that proposal. But I shall make one proposal, and that is this: that you must have, as you have now to-day in connection with civil expenditure, a standing Finance

Committee in charge of military expenditure before which the budget must be placed by the Military Minister and the Military Department. That budget must be scrutinised—*in camera* if you like, if you are afraid some injury may be done to the public interest by disclosure. *In camera* if you like, but that budget must be placed before this Finance Committee and scrutinised and an appeal must lie to the Governor-General if there is no agreement between the Standing Finance Committee and the military authorities when the budget is being considered. That would at any rate give a part of the Assembly the opportunity of studying military expenditure and familiarising itself with Army management.

Further, I would have another Committee, corresponding to the Public Accounts Committee which we have in connection with civil expenditure, solely in charge of military expenditure, so that there is at least a post-mortem on expenditure—I do not know whether it does much good—but anyhow it enables the Assembly to see whether the money has been properly spent.

And I would further suggest—I do not know whether our constitution will provide for it—that there must be an Appropriation Bill as regards the military expenditure, which would give the whole House some opportunity of raising a debate on questions with which it may be competent to deal.

I would now make a few suggestions as regards future procedure. It has been said that this Conference has been a failure because really it has not been able to come to agreement on many of the points. My submission to you, Sir, is that that is not a correct statement of the case. In a Conference such as this consisting of a hundred odd members you cannot possibly arrive at agreements on controversial points. You can only gather general impressions on different aspects of the problems under discussion. You cannot come to any conclusions, much less to any agreement until you are at grips with the actual question. It is rather a pity that at some earlier stage, small committees were not appointed to go into important controversial questions. I hope it is not too late even now for some of these important questions to be transmitted to small committees, the members of which sit round a small table and within reachable distance of one another, so that important issues such as these may be discussed and conclusions arrived at. I go further.

I maintain that this Conference should not be dissolved and I will tell you why. In the Federal Structure Committee there was a good deal of discussion from another point of view, but the point of view I wish to place before you is this: that however much you may agree in this Committee, whatever measure of agreement there may be on certain points, that will not avail you unless there is agreement when the whole picture is before us, when we see the constitution in black and white. It is only then that it will be possible for people to express an opinion about it, and to agree or to disagree. I submit, Sir, that this Conference—or another Conference if you wish to call one—should be here when

that time comes, for unless agreement is reached at that stage it will lead us nowhere. We should be precisely where we are now. Therefore it is of far greater importance that a future Conference should be convened, in this form or any other, at which the whole constitution can be considered in its more or less final state, and when we are really in a position to express an opinion.

In the meanwhile, I would make one suggestion. If there has been no unanimity on many questions there is one, I think, on which there has been unanimity. That is as regards the Depressed Classes, the removal of untouchability. I do not believe that there is any one in this House who will not agree that this great blot on Indian civilisation should be removed as soon as possible. Even if this Conference fails on other points, and I hope that it will not, if it succeeds in devising something by which this untouchability can be removed, it will have done good work. My suggestion is that this Conference must give expression to the opinion that swift and clear action should be taken, by Statute if necessary, to remove untouchability. I say " by Statute " for this reason! There have been declarations in statutes, in proclamations and elsewhere, where you have said that you will not interfere with the social customs or religious customs of the people, and therefore I think that no Indian Legislature can deal with a question like that, and for that purpose it may be advisable to consider whether a Statute should not be passed. But before such a Statute could be passed a commission of enquiry should be set up in order to see how far by legislation it is possible to remove untouchability. As regards religion, I say nothing, but as regards other aspects of untouchability the commission of enquiry for the whole of India should be charged with the duty of determining how far and in what directions by legislation this untouchability can be removed. I say that we are all agreed on this that this must be removed and shall be removed, and it is for you, Sir, to make the proposal, because, as you may find that no Indian Legislature really can deal amply with the question until you have removed the bar which lies in the way of Indian legislation. The sooner this thing is accomplished the better it will be from all points of view. One great difficulty which has been in our way in the solution of the minorities problem has been the question of the Depressed Classes, and you will have gone a long way towards removing that difficulty when you have taken steps to do away with this evil of untouchability and to improve the condition of the Depressed Classes.

Mr. Giri: Mr. Prime Minister, I am speaking to-day on the work of the Round Table Conference on behalf of the Indian Labour Delegation. I have followed the proceedings of the last Session as well as this one with great care and attention, but I regret to say that it is not clear to me nor to my colleagues what stage of deliberation or decision we have reached at the present moment. The proposals of His Majesty's Government are not before us, and we have had no indication whatsoever as to their nature, beyond disquieting reports as to the policy that is going to be pursued

hereafter. We are left to speculate for ourselves, and to draw such inferences as we can from the work of the various sub-Committees.

Proceeding on the assumption that this is the final Session of the Conference, we are bound to say that its results must be written down largely as a failure. The original intention underlying the plan of this Conference, as was stated by Lord Irwin as Viceroy in July of last year, was to arrive at the greatest possible measure of agreement on the constitutional questions relating to India, and to formulate proposals based on such agreement for presentation to Parliament. We cannot help feeling that there has been a radical departure from that course at this Session of the Conference. Comparatively minor issues have been given undue prominence, whilst vital matters relating to the establishment of full responsible government for all India have been forced through a hurried discussion devoid of all sense of reality. It is a matter of deep disappointment to us that the Government's views on some of these issues were not placed before the sub-Committees, and that no attempt was made at an agreement in line with the general consensus of opinion.

We who represent here the workers of India have a special point of view which has been urged at the different stages of the work of the sub-Committees. The failure to arrive at a settlement of the minorities problem amongst ourselves is no doubt unfortunate. We cannot, however, bring ourselves to believe that this should be regarded as an insuperable obstacle in the way of India's political progress. In the first place, this problem would not have attained the magnitude it has done if this Conference had been representative in adequate measure of the workers and masses of India. Perhaps it is natural that in this gorgeous setting, with the voices of the capitalist classes dominant, attention should have been concentrated on the distribution of seats in the Legislatures and powers to the public services amongst the members of the various religions to the prejudice of the needs of the starving and illiterate masses. Secondly, on the failure of the Minorities sub-Committee to settle all outstanding points, the opportunity should have been taken, in our view, without further loss of time by the Government, for a prompt decision. The claims of the various minorities have been before us for detailed consideration, and it should have been an easy matter for the Government to lay down the principles of a decision just to all concerned. Such a course would have enabled our Conference to complete its work at this very Session. Even at this late stage we venture to think that it is not too late to adopt this procedure in order to avert failure. Otherwise the charge is likely to be made that the Government, by evading its responsibilities in the matter, contributed in no small measure towards the breakdown of this Conference.

In our opinion the proper division of a community for electoral purposes should be on the basis of occupation rather than of religion or race. Differences based on these latter considerations have little relation to the questions that come up normally before the Legislatures. So far as the workers of India are concerned

we have, to the best of our ability, made their position clear in our statement submitted at the last meeting of the Minorities sub-Committee. If our suggestion is not adopted, and special constituencies as demanded by other classes (economic or religious), are created, the workers should have special constituencies of their own with seats reserved in the Legislature in accordance with their population.

We have also asked for a declaration of fundamental rights to be incorporated in the constitution. In view, however, of the insistance of certain sections on a system of separate electorates based on religion or class, we feel that provision should be made in the Constitution whereby no person, of whatever faith or religion, would be compelled to vote for, or seek the suffrage of members of his own faith or religion unless he is prepared to deny himself the right of exercising his franchise.

We feel that such a class of persons would represent the best mind of India. It is absolutely necessary to make that provision, not only in the interests of the country as a whole, but particularly of the integrity and healthy growth of the workers' movement. They are workers first and workers last, and we shall regard it as a great misfortune, if workers are to be forced, for the purpose of asserting their civic and political rights, into religious and sectarian divisions.

We are in a small minority at this Conference and may not be able to secure acceptance for our proposal for elections to the Legislature from occupational, instead of territorial constituencies. But at least we must be allowed to protect the solidarity of the workers, so that, as they grow in influence and strength, the divisions of parties in India may develop on economic lines.

Mr. Joshi raised an important question in this Session of the Federal Structure sub-Committee in regard to bringing labour legislation under the jurisdiction of the Federal Legislature, without depriving the Provincial Legislatures of concurrent powers, and also vesting the power to ratify international labour conventions on behalf of the whole of India in the federal authorities. Though no conclusion has yet been reached in the Committee, it is some consolation to us that its importance has been recognised and it will come up for further consideration at a later stage. We must re-affirm our view that unless these points are conceded, the interests of workers will not be ensured in the new constitution and the Federation will not be of any use to them. We must also repeat that without adult suffrage, there can be no real self-government for the masses of India, because we hold that self-government is an instrument primarily for the uplift of the masses and not for the benefit of a privileged few.

Our general view is that in the new Legislatures, every class and every interest must be adequately represented. From this it follows that we cannot support the principle of weightage, or reserving seats in excess of the population ratio, whether it be for any particular class or for the Indian States. We stand for

a democratic system of Government, through wholly elected Legislatures both from British Indian Provinces and from the Indian States. The democratic principle and the nature of responsible government in India will be watered down if we permit nominations from the States and concede, in addition, more seats than they are entitled to on the basis of population.

With regard to the composition and powers proposed for the Federal Legislature, we favour a single-chamber Legislature, because we regard a bi-cameral system, especially one in which both Houses have equal powers, as a needless impediment to progress. There would be less objection to the establishment of an Upper Chamber having only a suspensory veto upon the legislative proposals of the Lower Chamber. But as the Report of the Federal Structure Committee now stands, we cannot accept the proposal for a bi-cameral legislature, with the two Houses having practically equal powers.

Nor, again, can we see the advantage, from the workers' standpoint, of a Federation for all-India, unless the Federal Government has the authority and the power to levy, by means of direct taxation if necessary, the funds it may require for carrying out all its obligations.

We are not, indeed, against a federal form of government. But our concern is to see that it is truly representative of all the people of India, from British India as well as from the Indian States, and does not consist merely of the wealthier classes and the nominees of the Princes. Moreover, a federation would be satisfactory only when all the constituent parts are willing to make equal sacrifices. But in the plan proposed by the Federal Structure sub-Committee, the Indian States do not appear to us to make those sacrifices, either in respect of powers or of finance.

On the other hand, they seem to benefit at the cost of British India. Also we would like to state that, in our opinion, it would be wrong to insert any provision in the constitution which would prevent the Government in India in the future from holding or resuming, for the use of the community, all the natural resources of the country, or even make it difficult for the Government to do so.

There is one other matter to which I must refer in passing. The Burma Round Table Conference has no representatives on it of Indian labour in Burma. Whether Burma decides in favour of separation and has a constitution framed accordingly or not, the problems relating to Indian labour, both resident and immigrant, must receive proper consideration, as the Royal Commission on Labour has pointed out in its Report. I hope that it may still be possible to make good that omission.

We do not know at present what are the intentions of the Government regarding the future. If they are still contemplating, notwithstanding the warnings of Delegates representing almost every section, the introduction of partial reforms without an immediate grant of Central responsibility, we feel that the country, as a whole, will be plunged into a general movement of discontent

and agitation, resulting in widespread upheaval. Wise statesmanship would prevent, by conceding what has long been overdue to India, such a catastrophe.

The present economic crisis in India is acute beyond a parallel, and the plight of the workers, whether industrial or agricultural, is desperate. So long as the political problem is not solved, no serious attempt is possible for tackling the grave economic and social problems confronting them. Any delay, therefore, in the grant of full responsibility to India, in a manner that will ensure the proper representation of the workers in the Legislatures, will provoke reactions which will be disastrous to the cause of peace and ordered progress.

Khan Bahadur Hidayat Husain: Mr. Prime Minister, you have called this Conference to-day, in order to receive the Third and Fourth Reports of the Federal Structure Committee and the Second Report of the Minorities Committee, and to discuss the whole field of the work of the Conference. I cannot, Sir, but own to a feeling of shame and humiliation when on receiving the Minorities Report I find that the basic fabric of the future constitution of India, the communal question, remains unsolved. But I hope that you, Sir, and the distinguished statesmen sitting to your left (Lord Sankey) and right (Sir Samuel Hoare) will bear me out when I say that though it may be our misfortune—the misfortune of the Muslims—it is not our fault that the communal question remains unsettled. Our efforts to arrive at a solution of the problem have been earnest and consistent, and if we have failed it is not because there has been any unwillingness on our part to agree to any reasonable settlement.

Now, Sir, I am obliged to you for permitting me, the sole representative in this Conference of the Muslims of the United Provinces sitting in the Legislative Council of that Province, to say a few words as to our attitude towards the great problem of the political advancement of India. Hailing as I do from a Province in which the Muslim population forms only 15 per cent. of the total, you will also perhaps expect me to say what view the Muslims of India, particularly of the minority Provinces, take with regard to the future of India.

Sir, when you wound up the proceedings of the last Conference you were pleased to say:—

> "Now, we have gone as far as we can go at this moment. You have to go back to India; we have to go back to our own public opinion. You have spoken here subject to reconsideration, subject to the reaction which your public opinion will show to your work; we, Government and Parliamentary representatives alike, have spoken in the same way, and we must also listen to reactions."

It was in this light, with this message of hope, Sir, that we went back to India in order to find out what the innermost mind of the community was with regard to the future political advancement of the country.

Sir, unfortunately no one will doubt that the differences between the two major communities of India are somewhat deep-rooted and age-long. No one who has taken any share in the settlement of those differences, at least for the political advancement of India during the last two or three years, can avoid feeling humiliated at the repeated failure of these attempts. Obviously there is no one who can step in to bring about " voluntary " peace between the two communities, but the least that can be expected of those, who, like myself, confess to humiliation by the recent fiasco is that they should desist from attempts to keep the wounds raw. It is in this spirit that I make reference to this painful incident. For India, sore tried, gored almost to death, wants an era of peace for its advancement in all branches of life, political, economic and social. But the question of peace is involved with the question of the adjustment of relations between the various communities of India. Until such time that these relations are adjusted there can be no peace. Once these are adjusted, and the political ambition of one community against another gives way to the larger and border considerations of nationalism, India will be on the way to the status which should be her own.

Some of the utterances of responsible statesmen in India, and some of their activities also serve as a sappers' and miners' contingent for the onslaught of Bolshevism in India. Willingly or unwillingly, these activities have done a lot of harm to my community as a whole. It is the Muslim that mostly suffers in the no-rent campaign. Since this campaign was started six Muslims have lost their lives in the Allahabad district and one in the Fatehpur district of my Province. It is the Muslim who mostly suffers in communal riots, where carnage, murder, looting and the rape of women and children all take place, I am sure Mahatma Gandhi will be distressed to hear, under the slogan of the Congress, " Mahatma Gandhi Kijai ".

I therefore appeal both to the Congress and to the Government to take such measures as will make the recurrence of these inhuman ebullitions impossible. I appeal to the Congress in particular, if it does not desire an aggravation of the economic difficulties, and is at all anxious to avert a practically certain outbreak of communal strife, not to resort to and conduct a campaign of civil disobedience.

It is because there is suspicion, and deep-rooted suspicion, in the minds of both communities against one another, and events which have happened since 1923, when the second instalment of the Reforms began to bear fruit, and their implications came to be appreciated, have confirmed that suspicion in the Muslim minds, that the Muslims insist on statutory safeguard of their position. The famous, historical Delhi resolution, passed by Muslims of all political parties, some of them even belonging to the Congress, is the minimum Muslim charter. Without the acceptance of its demands Muslim existence in the country is jeopardised. With these demands fully met, democracy in its truest form will be

ushered in. Without these demands no constitution which can be devised will be acceptable to the Muslims of India.

On the 16th December, 1930, the Lord Chancellor, Lord Sankey, whose name we shall ever cherish with the greatest fondness in our hearts throughout India, in presenting the interim Report of the Federal Structure sub-Committee asked us to look at that picture (Morier's painting of George II on horseback), and said that so far we had been looking at the horse on the picture, but we will soon be presented with a complete picture, and then our assistance would be wanted. I say that that completed picture is not, unfortunately, yet in sight, and the position of my community is that if it is not to be in that picture, that picture had better not be attempted at all, and if it is finished who knows but that the canvas may be reversed and the picture may be torn into bits.

In speaking last year in this Conference I made it plain that no constitution in India could work unless it gave it autonomy and responsibility. In that constitution the majorities and the minorities must have their legitimate share. The position of my community, therefore, is that we shall place no difficulty in the way of the constitutional advance of India, but as a condition precedent we insist on the settlement of the communal problem either by mutual agreement or, failing that, by the Government. We must have provincial autonomy and we must have authority in the Centre. The responsibility for the government of India according to the declarations of the British Government must rest in the hands of the Indians themselves. Parliament, once the communal question has been properly settled, must divest itself of authority not in favour of the Centre, but in favour of the Provinces, and the Provinces, as federating units, should have authority to transfer the subjects of all-India concern to the Centre. The federating Units must evolve and adjust themselves before the Centre which should follow the Provinces and not precede them, but the course of succession must be latent in the constitution itself. You cannot, however, possibly achieve any constitution without a Hindu-Muslim settlement. Mr. Jinnah the other day, speaking in the Federal Structure Committee, faithfully reflected Muslim opinion in India when he said that you cannot complete a constitution unless the minorities question is settled. Replying to those who said " Never mind, let us go on, surely we can discuss the other questions," he said that there is a grave apprehension in the minds of Muslims here and in India that if we went on participating in the structure right up to the roof and when everything was completed this constant assurance that of course the communal question must be settled may recede into the background to such an extent that we might have a finding against us *ex parte*. This is the general feeling in India. What is really thought by Muslims in India you can see from this extract from a telegram received by me only this morning by a prominent Muslim who lately left the Congress. He says, " When we passed this resolution we wished to refuse to assist in the framing of any constitution until we knew where we stood.

Whether you discuss Federal Finance, Court, or Legislature, it means that a constitution is being framed with our tacit consent leading to responsibility with or without safeguards."

Therefore, Mr. Prime Minister, let it be plainly understood that what I say here and what other Muslims say here should not be understood to mean that we are even tacitly consenting to the framing of a constitution, leading to responsibility, with or without safeguards. Indeed, Sir, we Muslim Delegates desire to be placed on record our compliance as the representatives of India with the repeated demands of our community that the Muslim community of India will on no account consider any academic schemes for federation or for the transfer of responsibility without its demands for safeguards being conceded by His Majesty's Government and by the other communities of India. Their demands are those of all the other minorities with the exception of the Sikhs, that is, of more than 46 per cent. of the people of British India according to the latest census. If, therefore, our Muslim members of the Federal Structure Committee did not leave the Committee when the discussion of reserved subjects, for example, defence, external relations, financial safeguards, and so on, began on Monday the 16th November, it was in deference to the hospitality of our hosts. Would Sir Tristram have abused the Saxon hospitality if he had discovered some unreal conversation going on at the Round Table?

Turning now to the question of all-India Federation, let me once more repeat what I submitted last year, that the idea of an all-India Federation is not so easy of consummation as its sponsors in their enthusiasm made us believe last year, and try to make us believe this year. The Maharaj Rana of Dholpur echoed the better mind when he sounded a note of warning last year. Let there be no encouragement for the Ruling Princes to come and let there be no discouragement for them to desist from entering the Federation. It must be left to their option. For them no constitution would be acceptable which does not fully take into account two fundamental principles: first, maintenance and preservation of the sovereign authority of the States; and secondly, the perpetuation of relations between the Crown and the States. The Chamber of Princes would confer on these two essentials when it meets next at Delhi, and I hope it may be possible for it to evolve some scheme which, while fully preserving the essentials, facilitates their entry into the all-India Federation. I fear, however, that it is a distant idea; it is an ideal for the future which may take time to consummate; but in the meantime no good purpose will be served by letting British India mark time till the passage of the Indian Princes is cleared. There is no reason why British Indian Provinces cannot themselves federate and create a Federal Government in the Centre for British India without the Indian States coming in. When they come in they will come in on their merits. I, for one, would ask them before they come in to create electorates for representation in the Lower House, just in the same way as in British India, and for the Upper House a system of nomination on the advice of an advisory

body composed of such elements as form the electorates for the Upper House in British India to-day. Nor do I think there is any justification in principle for giving weightage in representation to the Princes. The States when they come into Federation will come in for some specific matters. The consideration of these matters does not run any risk if weightage is denied to the States. There is no question in these few specific matters of separate interests or separate cultures being involved, and consequently on no justifiable ground could weightage be granted or conceded to the Indian States. The representation of States should be strictly proportionate to their population.

And here, Sir, let me correct my friend, Sir A. P. Patro, when he said this morning that if the Muslims of India desire 30 per cent. and if the States desire 30 per cent., what will be left for the majorities? My opinion with regard to the States is what I submitted just now. What the Muslims demand is 30 per cent. of all Federal Legislature; that is to say, it means 26 per cent., which is the actual Indian Muslim population, and 7 per cent. from the States.

Turning to the question of finances, I would give my general consent to the conclusions of the Federal Finance sub-Committee, and particularly my adherence to the suggestion of setting up an Expert Committee, contained in paragraph 4 of its Report. I am in entire accord with the principle enunciated by Mr. Rangaswami Iyengar at the sub-Committee meeting on the 2nd October, that Federal taxation should apply equally to all Units of the Federation. There should be no discrimination in the matter of financial obligations or rights working in favour of the States. There would in my opinion be a consensus of opinion that the right to levy unscheduled taxes should rest with the Provinces and States, subject to the conditions that the levy of the tax should not conflict with the Federal scheme of taxation.

It is stated in paragraph 13 of the Report that the powers of taxation enjoyed by Provincial Governments or States should be subject to the over-ruling consideration that they should not be exercised in such a manner as to conflict with internal obligations of the Federal Government under any commercial treaty or international convention. I am afraid this would be trenching on the sovereign rights of the States and would be a trespass on the residuary powers of the Provinces. My idea is that international agreements which in any manner affect the residuary powers of the federal Units should be subject to ratification by three-fourths of those Units by a system specially devised for this purpose. So should also any amendment of Income-tax legislation or statutory rules made thereunder and the exercise of emergency powers under paragraph 21. I have no doubt, as stated in paragraph 22, sub-paragraph 4, of the Report, that the rights of the Federation to call for contributions from all units and not only from British Provinces should be recognised, and therefore in modification of paragraphs

16, 17 and 18 I am of opinion that deficits in the Federal Budget should be met by contributions not only from the Provinces but also from the States.

As regards States' contributions I should not object to any enquiry which may result in the abolition of all burdens of a feudal character or which may in any manner be proved to be inequitable. I do not entirely agree with paragraph 22. I certainly think that the Federal Government should have equal power over all Federating Provinces as well as States in the matter of the time at which they should issue their loans so as to prevent any interference with other issues, Federal or Provincial. Future federal loans should also be secured not on the revenues of the Federation alone, but also on the revenues of the Provinces as well as the States.

As I am on this point let me say one word with regard to ratification of treaties relating to taxation. I am very strongly in favour of a Federal Council composed of units of administration being established. This Council should determine what treaties should be so ratified as not to entrench on the rights of the Provinces.

Then, Sir, I wish to say one word with regard to collective responsibility of the Cabinet. That is dealt with in paragraph 5 of the Report of the Provincial Constitution sub-Committee. It is true that Ministries with some kind of joint responsibility went on in Madras and the Punjab during the first few years of the Reforms, and will in all probability function in those Provinces under the new dispensation; but it is not likely that anything but the group system will work elsewhere. The Provinces are in some cases homogeneous and may be conceived to be a proper field for this experiment, but can such a system hope to succeed right at the beginning in a sub-continent like India, embracing Provinces as dissimilar as the North-West Frontier Province, the Central Provinces and Bengal, not to speak of the States with their bewildering diversity.

Indeed, the Committee itself realises the difficulty of forming an Indian Federal Cabinet on the principle of collective responsibility of Ministers (see paragraph 36). A collectively responsible Cabinet involves the interference of the Indian States in the affairs of British India "on any question that involves the existence of the Ministry, even if the matter which has given rise to the question of confidence is one primarily affecting British India only." This surely is very undesirable, as pointed out by me before.

Now I wish to touch on two other questions. As a humble member of the English Bar of nearly 27 years' standing in India, let me say, Sir, what a palladium of justice the Privy Council of India is to India. The Privy Council will for ever remain a monumental landmark in the judicial administration of India. I would strongly resist any attempt at breaking the power and responsibility of the Privy Council. A Supreme Court in India, call it a Federal Court if you will, is necessary, but the functions of the Privy Council must remain distinct and unquestioned. We in India have the

most absolute faith in the integrity of the highest Court of the Realm.

The last point, Sir, which I wanted to emphasize is the redistribution and the division of the boundaries of Provinces. The Provinces as at present constituted in India have unnatural limits and unnatural boundaries. There should be homogeneity in the Provinces, and therefore I think it is due to the Federal Structure Committee, and it is due to the Conference, to see that some machinery is set up which would place the British Provinces in India on a basis which would bring about more homogeneity and more affinity than exists to-day.

Rai Bahadur S. M. Bapna: Mr. Prime Minister, His Highness the Maharaja of Indore expected to be present at the Plenary Session of this Conference, and regrets very much that, owing to a motor accident which he had a few days ago, he is unable to come. In these circumstances he has authorised me to deliver his speech on his behalf, which with your permission, Sir, I will now proceed to do. His Highness's speech is as follows:—

Mr. Prime Minister, we have listened to the speeches of distinguished statesmen of all parties, British and Indian. It is with extreme diffidence that I follow so much ability backed up by so much experience. But the welfare of a people of three hundred and fifty millions and the attainment of India's rightful place in the world's esteem are causes so sacred that I could not return to my country unless I had served them to the best of my power. The immediate duty laid upon all of us as patriots and as privileged to be parties to these great deliberations is clear and frank speech on the difficulties that confront us and the means to overcome those difficulties.

As I was not a member of this Conference last year I feel I should indicate briefly what in my judgment would be the most suitable basis for the future constitution of federated India. In doing this, I express my appreciation for the valuable work that has been done by the Committees of this Conference. Their Reports have clarified the issues, and the members of this Conference have the advantage of being confronted with definite proposals. Thanks to the knowledge and patience and spirit of mutual accommodation which have gone to the making of these proposals, we shall not be working in darkness or ignorance.

We are all agreed that India has to advance to the status of a Dominion. Differences of opinion start only when the method and the pace come to be considered. Various methods were considered in the past and by a process of elimination, and, possibly a certain amount of evolution, the idea of an all-India Federation embracing both British India and the Indian States emerged. That seemed to provide a method and a basis that promised to facilitate agreement even on the question of the pace of the advance. But on closer examination, every one of us, I believe, has realised that the hopes entertained last year by many in and out of the Conference were

brighter than the realities of the situation justified. The coming in of the States involved the addition of an infinite number of complications to an already complex problem; and, though it might perhaps have been better for the States, and British India also, if British India had not based the entire scheme of the future constitution on the hope of an immediate entry of the States, I am aware that some of the Indian States expressed their willingness to come into an All-India Federation, in order to help British India to attain responsible government. At the same time, as this Conference will remember, their willingness to join an all-India Federation was subject to three important conditions:—

> (1) that their relationship with the British Crown in accordance with the existing treaties or engagements should remain intact, except in matters in, and to the extent to, which the States and the Crown agree to modify it;
>
> (2) that the Sovereignty and internal autonomy of the States are not affected in any way; that is to say, their integrity is fully conserved; and
>
> (3) that India remains a Dominion within the British Commonwealth of Nations.

These conditions were, and are, essential in the interests of the States, and it is but natural that every Ruling Prince should consider them as fundamental.

I, for my part, would be willing that my state should help the scheme of all-India Federation, provided the scheme satisfies the three conditions broadly set forth above. The precise form and details of the constitution shall be determined by considerations of their suitability to existing conditions. Constitutions of a federal type exist in other countries, but no two of those countries have the same set of conditions or circumstances, and therefore no two constitutions are exactly alike. Conditions in India are infinitely more complicated than elsewhere. A greater variety of interests have to be harmonised. The Indian States are *sui generis*, and an attempt to bring these sovereign States into an all-India Federation with the heretofore non-autonomous Provinces of British India has peculiar complexities. None of the existing constitutions of a Federal type can be accepted as a model. It was in view of this that the Federal Structure Committee recorded in their Report:—

> "It will be easy for the constitutional purist, citing Federal systems in widely different countries, to point out alleged anomalies in the plans which the Committee have to propose to this great end; but the Committee, as they stated in their first Report, are not dismayed by this reflection. Their proposals are the outcome of an anxious attempt to understand, to give full weight to, and to reconcile, different interests."

I entirely agree with these observations.

I have given very careful consideration to the scheme outlined last year and considered in detail again this year by the Federal Structure Committee, and I say, with the greatest respect for its advocates and adherents, that it does not provide the essential safeguards for the States, and, further, presents almost insuperable difficulties.

As I have already hinted, it would have been in the interest of British India, if the States were left out altogether at this stage and British India had independently evolved a constitution suited to its conditions. The States would, then, have considered how they would come into closer association with British India for matters of common concern. But as the decision to federate had already been taken, after much thought, I outlined a scheme that in my opinion was suited to the peculiar conditions of India, and likely to meet the requirements of the several interests, and circulated my views some time ago.

This scheme has the support of Their Highnesses of Patiala and Dholpur, Sir Prabhashanker Pattani and Sahibzada Abdus Samad Khan (representing His Highness the Nawab of Rampur) among the Rulers and representatives of States who are here, and, I understand, of several other Rulers of the States of India. As it is possible some of the members of the Conference may not have seen my note, I propose to deal briefly with the main features of my scheme, which are as follows:—

1. *The Federating Units to be*

(1) Federated British Indian Provinces, *i.e.*, British India, and

(2) The States collectively.

The States will, with the assent of the Crown, constitute themselves into an Electoral College which may be given any suitable name, *i.e.*, all the States will make one group or unit for the purpose of electing their quota of representatives to the Federal Legislature.

2. Federation to be for purposes of specified matters of common interest only.

3. *Functions.*

Policy and legislation in regard to, and administration of, certain specified subjects.

Note.—The Federal Legislature will lay down policy and enact laws relating to the subjects enumerated in Appendix A, of my note.

The States will, then, automatically pass the Federal laws as State laws and they will then come into force within the territories of the States.

In the event of failure on the part of any State to carry out the policy and laws passed, the Confederation of States will use its

influence and bring round the defaulting State through its representative; but even if that fails, which is not likely, the Federal Government will take necessary action through the Crown.

4. *Structure and Composition of Federal Government.*

(*a*) *Legislature.*—There should be preferably only one Chamber, to which representatives could be sent by States through the Electoral College referred to above. The representation of the Indian States should be 50 per cent. If it is bi-cameral, the States should have 50 per cent. representation in the Upper Chamber and on population basis in the Lower Chamber.

(*b*) *Executive.*—(i) The States need not insist on a fixed number of representatives in the Federal Executive.

(ii) The Executive will be responsible to the Legislature.

5. *Method of Election of States' Representatives.*

The States will constitute themselves into a Confederation for the purpose of Federation with British India. This will serve as an Electoral College for electing their representatives to the Federal Legislature. The Confederation will be composed of representatives of Sovereign States and of groups of the remaining States.

Major States may be allotted a fixed number of seats to ensure their individual representation, and some regional distribution may also take place. For the purpose of election, the principle of plural voting may be accepted, the number of votes allotted to a particular State depending on the State's political position, though population and income may also be given due weight. The details will be settled by the States themselves.

The representatives constituting the quota of the States will represent the States collectively and they will include among them representatives of the major States for whom seats will be reserved.

6. *Federal Finance.*

Federal finance will be found from indirect taxation only, so far as at least the States are concerned.

7. *Supreme or Federal Court and Arbitration Courts.*

There should be a Court to deal with constitutional questions only. In case the volume of work does not justify the constitution of a permanent Court, provision should be made for the constitution of a Court each time as the occasion arises, but the qualifications of the eligible personnel and the method of its constitution shall have to be specifically and definitely laid down in the constitution.

For disputes between the Crown and the Indian States provision should be made that they should be settled by an impartial Court of Arbitration, distinctly separate from the Federal Court, the constitution of which should also be defined beforehand. The Arbitration Court should also decide disputes between a State or States

and Provinces *inter se,* or between a State or States and Central Government of British India. Neither the Federal Court nor the Court of Arbitration shall exercise jurisdiction as the highest Court of Appeal.

It will be noticed that this scheme differs from the one embodied in the Reports of the Federal Structure Committee on the following main points:—

(*a*) The Federating units according to my scheme will only be two, *viz.*, British India, and the States collectively.

(*b*) The representation of the States will be collective through members elected by the Electoral College.

(*c*) The Federal laws will be adopted by the States and passed as their own laws. They will then operate within the State territories, not as Federal laws, but as State laws.

(*d*) There will be thus no new State created and consequently there will be no question of allegiance from the subjects of the Indian States to the Federal Government, as an all-India State.

(*e*) Uni-cameral Legislature preferably.

The Federal Structure Committee contemplates the component elements to be, on the one hand:—

(*a*) The Federating Provinces of British India, and, on the other hand,

(*b*) Such Indian States or groups of States as may enter the Federation.

This would, in my opinion, give rise to a number of difficulties. First of all, it would be difficult to federate non-autonomous Provinces with Sovereign Indian States individually, as some subjects will have to remain Central. Secondly, it would be difficult to come to an agreement on the allocation of seats as between British India and the Indian States and between the Indian States *inter se.* On the basis of the States federating individually, the smaller States could not be given satisfaction in the matter of representation; yet it would be impossible to expect the smaller States to go into their respective groups at one and the same time and join the Federation. The States entering the Federation at once would not be a large percentage of the entire body of the States, but they would claim the full quota of representatives allotted to the States, on the understanding that the extra seats would be released as other States came in. These difficulties can be got over by the entire body of States going into the Federation as one unit. The States would in that case, being an equal partner, be entitled to equal representation with British India. Representation in the Legislature would be collective, and not by individual units. All Sovereign States, whatever the extent of their territories or volume of revenue or population, or their salute, are entitled to representation, and this would give the smaller States a considerable amount of reassurance and satisfaction that their interests were being pro-

perly looked after by a body that had the interests of all the States alike at heart. Under this arrangement the smallest State will have a chance of having its own representative some time or the other in the Federal Legislature, while the major States, on account of reservation of seats, will always be represented. Against this proposal, it has been urged that it would create a States block against the British Indian members in the Legislature. Let me assure those who have any misgivings on this point that nothing of the kind is contemplated. The States' representatives are likely to vote collectively only in cases where any encroachment on their sovereignty and internal autonomy as a body is involved in legislation under consideration; or where any of the three fundamental conditions are threatened to be violated; on other occasions they will be free to look after the particular interests that they have been entrusted with.

I am aware that our distinguished friend, Sir Tej Bahadur Sapru, struck a note of warning that this confederation of States would create a super-State which might interfere with the internal affairs of individual Indian States. The position on this point does not appear to have been correctly understood. There is no intention at all of giving this body any powers or even functions beyond what I have described above. It will function as an Electoral College and act as a sort of buffer between the Federal Government and the Indian States, exercising its persuasive influence over the defaulting State's representative in the event of such a contingency arising, which I hold will be a very rare occurrence. This method and process by the States themselves would, I venture to maintain, be certainly more conducive to the smooth working of the constitution and far more preferable to direct interference by the Federal Executive. It is possible that misunderstanding may have arisen because of confusing this proposed body with the existing Chamber of Princes.

The advantages of the proviso that Federal laws should be applicable to the States after they have been passed as States' laws are obvious. In Federal matters the same laws will obtain throughout India; yet the States will keep their sovereignty in the eyes of their subjects. This is a matter to which the Rulers of States attach importance, and His Highness the Maharaja of Bikaner referred to this in some detail last year.

That leads me to item (*d*). The creation of a new all-India State with powers to legislate directly for all its units must necessarily involve double allegiance for the subjects of the States to that extent. The possibility of the Federal Legislature enacting laws which will automatically apply to the States' subjects, and the exercise of direct control by the Federal Government upon the States even in Federal matters will according to my proposal be eliminated.

My preference for a uni-cameral Legislature as against a bi-cameral one is based, *inter alia*, on the distinct advantages that it offers:—

(1) Of eliminating the possibility of a natural struggle for power between the two Chambers, of the kind that has arisen elsewhere; and

(2) Of minimising the difficulty that British India is experiencing on the question of agreement regarding the method of election and apportionment of seats among various communities and interests.

By the method of indirect representation of the various Provinces in the Federal House, the communal difficulty could be minimised, and I, for one, would not insist in that case on a 50 per cent. representation in a uni-cameral Legislature.

I might add here that if the proposal about having one House is not accepted, and it is decided to adopt a bi-cameral Legislature, the representatives of States in both the Chambers should be selected, elected or nominated, as the case may be, according to the forms of government prevailing in the respective States.

I now come to certain other features of federation between British India and the Indian States, as contemplated in my scheme.

Of the subjects administered centrally at present by the Government of India, some will have to be Federal or Central and others Reserved, at least during the period of transition. It should be definitely and clearly provided that the States' representatives will have nothing to do with legislation connected with, and bearing on, the administration of the Central subjects. Similarly, the British Indian representatives shall not be allowed to deal with matters other than those which will be expressly agreed upon to be Federal and specified in the constitution. The point has, I am glad to be able to say, been definitely and unequivocally stressed by all members of the Indian States Delegation, and His Highness the Nawab of Bhopal has repeatedly stated it in the Federal Structure Committee. I am, accordingly, definitely of the opinion that when legislation relating to Central subjects is under discussion, the States' representatives, not being directly interested, should not participate in the determination of those matters.

The Executive will, of course, be responsible to the Legislature, the responsibility of the entire Executive being collective. The Ministers selected from among the States' representatives should only hold the portfolios comprising Federal subjects. The Ministers in charge of what may be known as Reserved subjects during the transition period may be members of the Legislature and attend the meetings only for explaining the position of the Government with regard to their respective spheres. They will hold office during the pleasure of the Governor-General.

As it will be necessary to keep some subjects, not capable of being federalised or provincialised, as centrally administered sub-

jects, there is likely to be a considerable difficulty on the question of financing the administration of Federal subjects. These difficulties came into prominent discussion in the Federal Structure Committee, and though efforts have been made on all sides to come to an agreement as to the form of words that will determine the policy to be adopted in the matters, I am not quite sure that the States would be willing, and even able, to commit themselves to a definite undertaking in favour of federation without knowing what exactly their obligations in that behalf would be. According to my proposals, the difficulty could be solved in a practical manner; the administration of Federal subjects could be carried on with the allotment of funds from Central revenues as at present. The *status quo* could be maintained subject, of course, to the settlement of pending disputes, indirect taxation only being resorted to, so far as the States are concerned, even in the event of a deficit. The States would be willing to bear, as constituents of the Federation, their fair share of debts relating to Federal subjects. The first charge on Federal receipts will be the expenditure on account of Federal subjects, including payment of Federal debts, interest thereon, and expenditure on the Army and Foreign Relations. I contemplate, of course, the Federal Budget being separate from the Central Budget. In grave emergency such as war, the States would, as they have voluntarily done in the past, contribute towards the extraordinary expenditure according to their capacity and resources.

My State, for example, has never paid any tribute. The British Government bound itself by the Treaty of 1818, in consideration of the cessions of territory made by the then Maharaja Holkar, to support a field force to maintain the internal tranquillity of my State, and to defend it from foreign enemies. In 1865, by means of a monetary adjustment, the obligation to retain a force for service with the British troops was discharged, and my State was relieved in perpetuity of all demands for defence, pecuniary or of troops. Yet in times of war my State has always placed its resources freely at the disposal of the Crown; and it will continue to do so on similar occasions for the defence of the common Motherland.

With regard to the Federal Court, I am emphatically of the opinion that if a Supreme Court is established for British India, the Federal Court should be absolutely distinct from that Court. The functions that should be entrusted to the Federal Court were detailed by Sir Akbar Hydari in the Federal Structure Committee on the 23rd October, and I generally support those views, and further details no doubt will have to be carefully considered later on.

In addition to the Federal Court, I consider it necessary that provision should be made for the constitution of a Court of Arbitration for the settlement of disputes between the Crown and the Indian States, between a State or States and Provinces, *inter se*, or

between a State or States and Province or Provinces and the Central Government of British India.

Before I conclude, I shall make an appeal not only to the distinguished members present here, but also through them to the parties and interests that they represent. The Indian States have for long been, and are, repositories of all that was good in India, of ancient culture, oriental traditions and ideals. That much, I hope, will be conceded. I am ready to grant that from the point of view of administration there is room for reform in some States and necessity for reform in some others; but what I wish to emphasize is that the way to bring about reform wherever necessary in Indian States is not to force undiluted democracy on them. Democracy has its good points; but experience has shown that it is not an unmixed blessing. It has been tried in the West and I am not quite sure if opinion is entirely in its favour. We in India should therefore benefit by the experience gained elsewhere and model our future institutions with due regard to the traditions, sentiments and temperament of the people; institutions that they cannot make use of properly might do more harm than good. Though this is true of all India, it will apply with greater force to Indian States where the people have for ages lived happily under a benevolent monarchy, and where the personal element, the sense of a personal contact between the Ruler and the ruled, based on affectionate care on the one hand and devoted loyalty on the other, has played such an important part in creating an identity of interests between the Sovereign and the people. The people appreciate the value of something that is not only palpable, but is also endowed with feeling, and would far rather look up to that than to a machine for sympathy and solicitude. Once that feeling in the minds of the people is destroyed, there is no knowing where society will drift. It will just be a drift; and when the link that held the people together is missing, it would be difficult to regulate the direction or the pace of the drift. I admit that we are not perfect; many of us have still to do more, or to use the often-repeated terse phrase "set our house in order." Our duty is to work for the welfare of our people. In their happiness and contentment lies our prosperity and future well-being. With a thorough understanding between us and our people and the machinery of government working smoothly with the perfect co-operation that arises out of identity of interests, the Indian States can still prove to the world that it is possible to have a perfectly contented and well-governed State under a benevolent autocracy of our own kith and kin.

Well-governed States of the kind I contemplate, will, without the doubtful element of democracy, be a source of strength to the Federation of all-India. They will work as a steadying and sobering influence in case the events in British India tend, God forbid, to threaten the disruption of society. By their long experience in the art of governing, according to Eastern requirements, they will make contributions that appeal to the imagination of the people.

Their practical knowledge of military administration will be invaluable as the Army and Defence gradually come within the purview of the Federal Government. The States may have been conservative in outlook in the past, some of them may even now be a little behind the times, but they are all advancing; and it is my firm conviction that an advance under an indigenous form of rule and government will be far more conducive to the abiding prosperity of the people than one based on an imitation of the march of events in some foreign lands. There is, at present, a considerable amount of misunderstanding of the position of the governments in Indian States, but I can assure you that a great deal of it is based on want of reliable first hand knowledge of the real conditions. As the States come into closer association with British India, mutual understanding and goodwill must develop. British India will then realise the truth of what I claim to-day and will stand by these States instead of seeking to exterminate them. The States will prove the surest defence of India's great civilization, whether against aggression from without or disintegration from within.

Mr. Basu: We are coming to the close of our deliberations, but while the Conference has been at work there have been many expressions of opinion by important political groups in this country requiring that the Conference should be put to an end, or that in the alternative the Government should commence governing. It has not been made clear to us what is meant by that expression "governing."

(Here Mr. Ramsay MacDonald vacated the Chair, which was taken by Lord Sankey.)

If by "government" is meant taking legislative and administrative measures or putting an end to the agitation that is so widespread in India, that is a course of action that is not new. It is unfortunate that recent political history in India is not carefully studied in this country. For the last thirty years a great many legislative measures have been put on the Indian Statute book limiting the liberty of the subject, formulating procedure for the detention of men without trial, limiting the liberty of the press and so on. Those methods were tried for several years. What was the result? While fifty years ago disaffection with the present state of things extended to only a few thousands, such disaffection has spread more widely and has sunk more deeply, and has now spread to millions.

What is the alternative? This Conference has been engaged in trying to come to an agreement as to the future status and constitution of India. There has been a frank expression of views and there has been a general desire to trust each other. What I want to urge is that that spirit of trust should be the basis of our work. From the nature of the deliberations before the Federal Structure Committee it appears that doubts have been entertained, and that a spirit of trust has not played as great a part as it ought to have

played in those deliberations. It has probably been forgotten that the people of India had their own institutions. Many of you have heard of the village communities. When the British connection commenced, probably as always happens with alien rule, indigenous institutions were crippled and power was sought to be centralised; but there was always that basic Indian life when people assembled to manage their own affairs, and there is no reason why at the present day the people should not be trusted to manage their own affairs as they did in days past.

I am also sorry to notice in this country that there is not a full appreciation of the forces that now move Indian life. Sir Abdul Qaiyum told us this morning that the passion for self-rule not only dominates the people of British India, but has gone over the border, and the men of the Frontier Province also desire to have full self-rule. Well, the persistent desire for self-rule is not confined to any particular community in India; it animates the Hindu as well as the Muslim, as Mr. Fazl-ul-Huq patriotically admitted. In fact, the free air of the wide deserts of Arabia has breathed its love of self-rule into the life of India, and that desire constitutes one of the strongest forces in the composite life of India.

There are also other factors in Indian life which are overlooked. There is the great growth of Indian literature and of patriotic literature which moves the life of the people and moulds the life of the younger generation in India. That is not taken sufficient note of in this country. There are also movements for the advance of science and art—movements that have been recognised and appreciated all over the world, which also have not been taken sufficient note of. If all these factors are taken into account then the case for trusting the people becomes as strong as it can possibly be.

I now come to the Report of the Federal Structure Committee. As regards the adjustment of Provincial boundaries and the allocation of certain sources of revenue to the Centre and to the Provinces, I associate myself with the remarks that have fallen from Mr. Fazl-ul-Huq and Dr. Law. If the Statute fixes in a hard and fast manner the sources of revenue between the Centre and the Provinces, it may appear after the working of the constitution for a little time, that some Province finds it difficult to continue as a modern State with the resources placed at its disposal. There must, therefore, be some procedure in the constitution by which financial readjustments may be made where necessary; and for that purpose agreements may be entered into between the Centre and the particular State concerned.

In this connection reference has been made to the readjustment of boundaries. That is a question about which there are strong opinions in different parts of India. The people of several areas are not satisfied with being parts of certain Provinces to which they now belong; and for various other reasons it may be necessary to readjust the boundaries of the States according to the wishes of the inhabitants of those tracts. There should be some method by which

those wishes can be ascertained and the States constituted according to the ascertained views.

I will now come to the question of minorities.

It is a question beset with difficulties, but it is a question that cannot be shelved, and has to be solved. All sections of political opinion in India give due weight to a satisfactory solution of this question, and if a solution has not been arrived at it is due to a great extent to the large size of this Conference and also to the fact that the representatives of the communities when back in India have not put forth sufficient efforts for trying to arrive at a settlement there. But it should be remembered that because there is this difficulty about minorities we should not stay our hands as regards the broader issue—the general political advance of India.

Framers of constitutions, so far as I have been able to find out, according to my humble judgment, have never shied at obstacles or exaggerated difficulties. Difficulties there have always been, there are, and there will be. Those who have established or helped in the establishment of new States have grappled with those difficulties, and have shown that in practical working they do not count as being as important as they are made out to be. As regards the question between the communities in India, we have listened to very instructive and interesting speeches. Take the entire life of India. Consider what part these communal differences occupy amongst three hundred and fifty millions of people of various shades of opinion. There are one or two communal clashes, or riots, as they have been called, in the course of a year. Is that such a very large thing as to incline you to override the desires and wishes of a whole people—desires and wishes entertained by all communities and by all classes? Look also at another picture. Where there are these occasional clashes, side by side with them there are a thousand and one amicable contacts between the communities in matters just as important. I go to my friends, Mr. Fazl-ul-Huq and Mr. Ghuznavi, my Mussulman colleagues from my Province of Bengal, in matters of the greatest importance to me and to them, and they come to me.

There is no question of any communal difference in those cases. Why, because there are sometimes these unfortunate communal clashes and there are differences of religion, should the element of religious difference be introduced into the management of the affairs of the State? That is a proposition which I have not been able to understand or appreciate.

In making his remarks on this question, Mr. Fazl-ul-Huq made reference to a note which I had the honour to submit to the Prime Minister, as I was not a member of the Minorities Committee, and which the Prime Minister, at my request, circulated to the Delegates. Mr. Fazl-ul-Huq stated that in that note it appeared that I had said that in various districts in Bengal where Muslims were in a majority the local bodies, in the election of which there is no reservation of communal seats and no separate electorates, had had

a larger number of Muslims returned. What I stated precisely was that in localities where the land-owning classes, the traders and money-lenders are mostly Hindus, and the electors mostly Muslims, recent elections had shown that the majority of elected representatives on local bodies consisted of Muslims. I would request Mr. Fazl-ul-Huq and Mr. Ghuznavi to say for their own districts whether it is not a fact that in those districts the majority of the elected seats are held by Muslims and the majority of the voters are Muslims. The Hindus, however, do not make a grievance of it. In those districts where the Hindus are in a majority the reverse happens, and personally I fail to understand why, when in districts where the Muslims are in a majority, the Hindus do not grumble at there being a larger number of Muslim representatives on the local bodies, the Muslims, where they are in a minority—as Mr. Fazl-ul-Huq puts it, in a preponderating minority—should grumble because there is a larger number of Hindu representatives on the local bodies.

What is felt by the non-Muslim communities in Bengal is that if you have separate electorates on a religious basis, and if you reserve to a majority community a majority of the seats, then you practically place in the hands of the majority community political power for all time, political power which will have as its backing not the community in general but those of the community that profess one particular faith. The proposition that a majority community should have a reserved number of seats and separate electorates is in fact a new one, but it has been stated that probably the situation is unique. I do not find that it has been made out that the situation is as it is represented to be.

With regard to the Lucknow Pact, to which reference has been made by Mr. Fazl-ul-Huq, he has quoted certain remarks by Sir William Vincent. He forgets the Montagu-Chelmsford Report, in which it is clearly stated that it was an agreement which the Government had to accept, because it was a Pact agreed to by the two great communities after the most anxious and lengthy deliberations. They were then looking forward to an advance in the constitution of India. The claim had been put forward by a number of members of the Central Legislature and others. In view of the expected constitutional advance the two communities came together, put their heads together, and after a great deal of discussion in Calcutta and elsewhere, and finally at Lucknow, they arrived at an agreed settlement. The Government of India adopted the scheme. That it did adopt it is clear from the fact that the proportion that now prevails in the allocation of seats in the Legislature is based on that Pact. Mr. Fazl-ul-Huq also said that another of my statements was not correct, and that was that the existence of communal electorates has led to the constitution of communal parties in the Legislature. He and I both belong to the Legislature of Bengal. Mr. Fazl-ul-Huq belongs to the party which is known as the Praja Party. It has seats allocated to it in the Legislature. At the commencement there was one Hindu, or perhaps there were two

Hindus, as members of that party, but for a very long time there has been no Hindu there, and if you ever go and visit the Bengal Legislature you will find that the seats allocated for that party are occupied by Muslims only. I belong to a party which has a general name also—The People's Party—but it so happens that whether I look on either side or behind me all the faces that I see are Hindu faces. So in that way, though the names of the parties may not be communal, the fact is that they are communal, and when they consider matters in their party meetings the other communities, or representatives of the other communities, are not asked, and when communal matters are sometimes considered, the Muslim party, by whatever name you may call it, sends its representatives as Muslims and the other party sends its representatives as Hindus. That is the fact. So I do not think that I have tried to mislead any one by the statement that I put in my memorandum, and I think that Mr. Fazl-ul-Huq has not correctly appreciated what was stated in my memorandum.

Sir, as I have pointed out, the communal difference is there, but it is not predominant in our life. There are other factors in our life which are equally, if not more, predominant in which there is perfect amity between the two communities. Why should you close your eyes to those, and direct your attention only to where there are differences once in a year or so? That is what is being represented to you. You are closing your eyes to the facts of real Indian life, and I regret to say that we have not been properly served by the agencies that the press in this country has in India. Certain particular matters, when they relate to strife, are reported here, and strongly and widely reported, while other matters are not reported.

Sir, that is all I have to say with regard to the minorities. I will only say one word with regard to the question of Defence. I am not satisfied with the Report made as to Defence. For some reason or other we have lost the organisation for looking after our own homes; but I shall tell you the feelings of Indians in the matter.

During the Great War you withdrew nearly the whole of your standing Army and a very large part of military equipments in India were withdrawn from that country; and you left India to a great extent in the hands of a very limited number of untrained troops. India is vulnerable both landwards and seawards, and the feelings of Indians can very well be appreciated when they were in such a helpless condition. No doubt England has the responsibility of defending India, but the cry to defend the homes of our people seven thousand miles away from here is a very far cry and has not the same force as a cry nearer home. I hope that in framing the regulations as to defence the question of Indianisation and of transference of responsibility for defence will be so considered that the transfer and the Indianisation may be expedited as much as possible, and future military training should be in the hands of the Indian Legislature.

The Nawab of Chhitari: My Lord, I am speaking with a little disadvantage, because you are aware that the Muslim Delegates have decided to keep their views reserved on some points that were discussed in the Federal Structure Committee, and I do not think I am at liberty to express my views on those points even now unless and until we arrive at a communal settlement.

Although it is nearly a year since we left the shores of England after the last Session of the Round Table Conference, much water has flowed under the bridges in India; things have happened of such importance in India that they are bound to influence the result of our decisions here. Some of them were of advantage to us; others have presented us with great difficulties; but even those which present us with difficulty are useful inasmuch as they paint a true picture of the conditions and circumstances with which we have to deal.

The first point that I wish to mention is the settlement between Mahatma Gandhi and Lord Irwin which brought about peace in the country, and the subsequent decision of the Congress to send Mahatma Gandhi here as their delegate. We are very glad that that decision brought to the Round Table Conference persons like Mrs. Naidu, with her world-wide fame as a poetess, that most respected leader of India, Mahatma Gandhi, and Pandit M. Malaviya. Now we are all aware of their views also on the Indian question.

Then I wish to deal with the communal question. Attempts were made here last year and those attempts were renewed in India. Renewed attempts were made here; and it is with regret and shame I confess that we have failed to come to a complete agreement, even in spite of every effort made by the Prime Minister to help us. Our thanks are due to him for all his help. The misfortune is ours.

But unsuccessful as the efforts have been, I would beg to submit that they have been of great use in so far that they have narrowed down the points of difference. If we read the resolution of the All Parties Muslim Conference, together with the speech of Doctor Ansari at Haridpur, we find that there is complete agreement between every section of Muslims on all salient points except one, and that is the subject of joint electorates. Therefore all these points can be regarded as the joint demand of the whole Muslim community.

As to the question of separate electorates, my position is the same to-day as it was last year on the 1st January, when I spoke on the question in the Minorities sub-Committee, namely, that as certain communities insist on separate electorates it should be given to them. There should be a clause in the constitution that they can give them up whenever they like of their own free will. After all, separate electorates in themselves are not the goal. They are the means to achieve the goal. When all other safeguards for the Muslim community have been embodied, when they have seen the working of the constitution, when they realise that the real safety

of the minority rests upon the goodwill of the majority more than anything else, I think they will be willing to give up the separate electorates. What we want is to create a feeling of nationalism. Can we create a feeling of nationalism by enforcing upon certain communities a system of electorates against their wishes? My reply is in the emphatic negative. On the other hand, it will leave the community concerned morose and angry, and it will create in the minds of the majority a feeling that they have got a joint electorate not because of the willingness of the minority, but because the minority were too weak to retain it in their hands. If my proposal is adopted the result would be that it will give the Muslim community the right of self-determination, and when the Muslim community agrees to give up the separate electorates the result will be that their Hindu brothers will feel that they have given up the separate electorates to show their implicit confidence in the majority. For these reasons I still feel that it is the right way to start off with separate electorates with such a clause in the constitution.

We often hear about communal differences, and there is one point that I wish to make very clear, particularly to the members of His Majesty's Government, on whom the thankless task rests to decide. If we keep the Muslim demands on the one side, and the resolution of the Working Committee of the Congress on the other side, we shall find that the differences are not so many as they outwardly look. If we read the very lucid note that was circulated the other day by Sir Chimanlal Setalvad we shall find that the differences remain only in the Punjab and Bengal. On every other point there seems agreement between the two communities. Therefore, thankless as the task may seem, it is not such a tremendous task for the Government, and I hope they will be able to settle it once for all.

The other point which I wish to draw to the attention of members of the Cabinet is the rural agitation in India. The main cause for the agitation was economic, and therefore I do not wish to discuss the contributory causes, but certain phases of the agitation were such that they have caused a lot of alarm in the minds of those who hold property, at least in my Province. Only yesterday I received a telegram from the President of the British Indian Association, which is the biggest organisation of landlords, urging that it should be insisted that among the fundamental rights the right of property should also be included; and therefore I wholeheartedly support the recommendation of the Federal Structure Committee that this should be included in the fundamental rights of individuals.

I know that Mahatmaji himself is not against the right of individual proprietorship, and I should have loved to accept the formula put forward by him, but my difficulty is that that formula leaves so many loopholes that, if a party which did not believe in individual proprietorship ever came into power, they would be able to confiscate property very easily. Malviji does not seem to agree with this view of mine, and therefore I will refer to the first

sentence of the formula: "No existing interest legitimately acquired." The very words "legitimately acquired" throw the burden of proof on the owner of the property; he will have to prove whether the property was acquired by his forefathers, perhaps three hundred years ago, legitimately or otherwise, although the present law of the country is that possession is nine points of the law. It is not that one has only to prove at present that the present owner is not the lawful owner of the property; but one has also to prove before the court that so-and-so is the owner of the property. Instead of putting the burden of proof on the other side, however, this formula puts the whole burden of proof on the owner of the property. It is practically impossible for a man who traces the origin of his property to the Mogul Emperors to be able to prove now whether his great-grandfather obtained it in a legitimate way or otherwise. Similarly, there is another sentence: "shall not be interfered with except in accordance with the law applicable to such interest." Here again, if there is a party in power which does not believe in the right of private property, and they are a majority in the House, they can pass a law to-day and confiscate property to-morrow; it will be confiscated according to law. My point is that I do not wish in any way to interfere with the freedom of the future government if they wish to acquire land for public use. Certainly give them every facility to acquire land from any person if they wish it for public use, but with compensation. Compensation may be paid to the owner, and then any piece of land, any house, any village, any piece of ground may be acquired according to law and I will be quite satisfied.

Before I sit down, Sir, I wish to express my entire agreement with what has fallen from the lips of His Highness the Nawab of Bhopal. I think the solution of the Indian problem rests in all-India Federation, and I hope that it will be possible for you, Sir, to continue this work out in India so that you may be able to complete the full construction of an all-India Federation which I am sure will enable India to take her place with other free nations in the British Commonwealth on equal terms, and I hope that that will bind India to the British Commonwealth with such silken ties of love that they will be far stronger than any iron chain of domination. I am sure that Indian people are getting restless, and that it is necessary for the Government to try to satisfy them as soon as possible. I do not mean that we should be hurried into action by anything that is being done by young men thoughtlessly, but at the same time, if we really wish to remedy this morbid mentality, then the real remedy is that we should be able to create a public opinion in India so much against any action of violence that nobody may dare to do violence; and such a public opinion can only be created if there is a responsible Government in charge of law and order.

Raja Narendra Nath: I was not amongst the fourteen signatories who the other day submitted a representation requesting the British Government not to divorce Provincial autonomy from responsibility

at the Centre. There was probably no time to get the signatures of all the Delegates. I, however, give my wholehearted support to the prayer made therein. The problem of Provincial autonomy involves the solution of questions more difficult than that of responsibility at the Centre. It is more difficult to reconcile different communities than to work out an agreement amongst the Princes. The leaders amongst the former have to deal with the multitude. The Princes are statesmen and are better able to appreciate the value of compromise. Judging from the reports that have come to me, I notice that there are only two important questions so far as the Federal Legislature is concerned, the solution of which will take time: (i) the method by which the Indian States will come into the Federation, and (ii) Federal finance. For the solution of the communal tangle also some further enquiries will be necessary The communal question is closely connected with the question of the franchise, for which it is proposed to appoint a committee. It will be necessary to wait, not only for the determination of the franchise, but in some cases also for the preparation of the electoral rolls and the formation of the constituencies. Proceedings in connection with the Federal Legislature will not take a longer time.

I now wish to say a few words on the Reports of the Federal Structure Committee. I have not clearly understood what exactly are going to be the functions of the Federal Court in certain matters. There are differences of opinion in the Committee so far as the right to impugn or question the " constitutional validity " of a Provincial law is concerned.

I presume that a law transgressing the constitutional right of a citizen is not " constitutionally valid." I am personally of opinion that Provincial Courts—and better still a Provincial High Court—should have the right to entertain such a suit and an appeal may be allowed to the Federal or Supreme Court.

The subject dealt with in paragraph 39 of the Second Report of the Federal Structure Committee might have been more fully developed. The necessity of creating an authority for the purpose of co-ordinating the policy of different Provincial Governments, when uniformity of policy is needed in the interests of India as a whole, is obvious. Valuable suggestions on this point have been made in the Report of the Statutory Commission, paragraphs 184 and 185, Vol. II, and might be adopted. Such a co-ordinating Board would be necessary in view of the recommendation made in paragraph 12 of the Report of the Finance sub-Committee. The Provinces are apt to tinker with the subject of taxation, a process which ought to be avoided, and an advisory Financial Board will perform this useful function. The necessity of such co-ordinating Boards has recently been felt in Australia.

The question dealt with in the Report on Commercial Discrimination is not quite separate and distinct from the question of fundamental rights which came within the purview of the Minorities sub-Committee. I refer to paragraph 3 of last year's Report.

In the final speech delivered on the 19th January, the Prime Minister also alluded to the subject—page 484 of the Report of the Plenary Meetings. In view of those recommendations which apparently condemn discrimination in respect of all civic and economic rights and whilst the subject is still to be dealt with by an " experienced Parliamentary draftsman," I do not see why commercial discrimination has been the subject of a separate Report. There, however, appear to be some discrepancies in different parts of the Fourth Report. Paragraph 18 enumerates the rights, in respect of which discrimination is condemned. Paragraph 19 widens the scope of these rights as also of persons claiming them, while paragraph 22 again restricts the rights and the persons. I do not think it is intended to deprive any minority of the protection which this clause gives or to save from its operation an interest which a minority largely represents.

In this connection I would invite attention to various clauses which have been suggested by several members of the Delegation in their respective notes and memoranda, and also to the series of clauses which have been proposed in the so-called compromise signed by His Highness the Aga Khan, Sir Hubert Carr, Sir Henry Gidney, and Dr. Ambedkar, and reported at page 5 of the Second Report of the Minorities sub-Committee. If discrimination in respect of taxation, the holding of property, the carrying on of any trade, profession or business, and in respect of residence or travel, is to be interdicted, is such discrimination to be permitted in respect of admission to educational institutions? Mere executive instructions for laying open all schools to all classes, castes and creeds, have proved abortive; I wonder what Dr. Ambedkar has to say about it. Is it sufficient to condemn discrimination in the " holding of property "? Does such a phrase interdict such discriminatory laws as exist in Kenya against Indians and other Asiatic races? Is acquisition of property covered by the term " holding of property "? I would suggest to the " Parliamentary draftsman " that he should collate the various suggestions made by different Delegates representing different interests and given in the first and second Reports of the Minorities sub-Committee.

A few words on the report of the Minorities sub-Committee. I do not wish to repeat what I have said in my memorandum on the claim of the Hindu minority in the Punjab. I wish, however, to know on behalf of the Hindu minority whom I represent that, if the constitution does not immediately give them the right of voting for the election of the members who form the majority in the Council or the largest group, how long will this right be denied to them?

In the Punjab, two-thirds of the Council is so constituted that the remaining one-third representing the Hindu group has no voice in the election of two-thirds of the members. Is this right which the Hindus claim to be withheld as long as the majority wish to deprive them of it? Will that majority ever voluntarily give up that right? Does the declaration of 1906 constitute a pledge?—

though that pledge in respect of the Punjab was broken by the very persons who gave it. Has the pact of 1916 any binding force when all the parties who entered into the pact are dissatisfied with some of its aspects or other? To ask us to make another pact is, I am afraid, to evade the responsibility of deciding the question. The only solution is the one suggested by me in my memorandum.

The method of recruitment of the Public Services has been suggested in the pact entered into by some of the minorities. The recruitment is to be so made as to give a proper and an adequate share to all classes and communities. What this proper share is has to be determined by either the head of the executive or the members of the Public Services Commission who would be appointed by him. On behalf of the minority whom I represent I oppose this method for the following reasons. It would be difficult for the head of the executive in the future Government of India to disregard the wishes of the majority. A better plan to meet the claims of all classes will be to reserve for a transitional period a proportion for which such claims may be considered, and for the rest to declare that strict merit should be the sole criterion. There should have been unanimity on this point amongst all the minorities, but unfortunately this has not been the case.

There are special reasons why, on behalf of the minority I represent, I oppose the method. In the first place I must state frankly that the Hindu minority apprehends that it will not receive the same sympathetic treatment as the other minorities. Secondly, where spoon-feeding and reservation suits a majority community it becomes an irrevocable privilege. There can be no transitional period for it.

With regard to the quantum of reservation I have only to point out the practice followed by the Government of India in respect of appointments to the Imperial Services. One-third is reserved for redressing communal inequalities. However undesirable such a reservation may be on legitimate abstract grounds, I do not question the political expediency of such a policy, but then there is another side of the picture also. In the Punjab seventy to eighty per cent. of the young men who come out of the University belong to the minority groups. The occasions on which Government has to tell them that Government withholds from them the fruits of their labours must be reduced to a minimum. In European countries statesmen constantly ponder over the figures of the unemployed, but imagine how great is the unemployment amongst educated young men in our country. Till other avenues of employment are opened, government service is the only objective of our educated youths. I attribute the general unrest in India largely to unemployment.

Please do not think that I am attaching too much importance to Government service. Recruitment on the basis of caste and creed has a direct effect on the whole of our political outlook and mentality. If to display the communal and class label is conducive to a citizen's personal gain he will constantly do it and harp on it.

Adopt the formula for services proposed by my respected friend, Dr. Moonje, and the demand for separate electorates will cease within a short time. The sum and substance of my speech is to ask you to give us a constitution which at least paves the way towards nationalism and encourages us to approach that goal and not one that perpetuates class differences, and makes impossible even the eventual fulfilment of the pledge of 1917.

Mr. Jadhav: I am very much obliged to you, Sir, for giving me an opportunity of expressing my views on the first day of this Plenary Session. I had not the good fortune of being a member of any of the Committees this year, and I have had no occasion to urge the claims and air the grievances of the people whom I have the honour to represent. I have had the privilege of hearing my friend, Sir A. P. Patro, and I am in general agreement with him. He is a leading member of the Justice Party in Madras, and I belong to a party in Bombay which is working on the same principles of justice and fairness to all the communities. I also agree with Sir Cowasji Jehangir in what he has urged against commercial and administrative discrimination. I therefore do not think it necessary for me to go over the same ground again.

Just a year ago, at our first Plenary Session, I gave my views about federation with the Indian States. I then said:—

> "I was very agreeably surprised to hear from the speeches of the Princes that they are eager to come within the federation. I had not expected that that time would come so quickly. I had expected that the Indian Princes would like to form their own confederation and then to come into the general scheme after some years of experience. If they are already eager to join the general federation I would not like to stand in their way, although I think that perhaps it would be better for the Indian Princes to develop their own Indian Chamber of Princes, by forming a federation of their own."

That is what I said last year. I knew that some of the Indian Princes were holding somewhat similar views at that time, and others have since come forward to join their ranks. The number of those eager to join the Federation without delay and of those who would prefer to take more time to decide is almost equal, and in these circumstances I shall be excused if I dare to say that it may require some time yet before the full Federal constitution comes into existence and works efficiently. There are difficulties in the way, and many gaps have yet to be filled.

The Federal Structure Committee, Lord Chancellor, under your able Chairmanship, has worked very arduously, and has brought out important Reports which show that there is a considerable measure of agreement amongst the members of that Committee. The material thus collected is very valuable, and will give considerable help to those who are drafting the Government of India Amendment Bill. I hope and trust that that Bill will grant to India a Federal constitution. His Highness the Nawab Sahib of

Bhopal has stated his readiness to join the Federal scheme, and I know that some of the leading States are also anxious to join; but to take the unlikely and extreme case, if it was found that the Princes could not join at once, there should be power given to British India to work the new constitution even in their absence.

Sir A. P. Patro has urged the necessity of giving at least partial responsibility at the Centre, and has pointed out the dangers if Provincial autonomy only is given. Sir Cowasji has also addressed the Conference on that point. I am in agreement with them.

As stated last year, I represent the Hindu backward communities of the Presidency of Bombay, and especially the Mahrattas and allied castes. After the passing of the Government of India Act in 1919, a Franchise Committee was appointed to recommend what qualifications should be prescribed for different Provinces and peoples. The Indian members of that Committee knew the conditions of the urban people very well, but they had not much acquaintance with the conditions under which the agricultural masses and labour, both factory and field, were working. Their recommendations, therefore, gave a great advantage to the urban peoples over the rural. It was discovered, when the electoral rolls were ready, that the proportion of voters residing in municipal limits to the total population of those places was excessively higher than that of rural voters to the rural population. The special Committee that will be appointed now should be charged with the duty of correcting this injustice, and should take special care to see that both the field and factory labour is brought on the roll. This object cannot be achieved unless some of the members of the Committee are specially chosen from those who are conversant with the rural conditions.

In this connection I should like to say a few words about the Depressed Classes. The party to which I belong have consistently, during the last eleven years, supported their claims, and our sympathy for their uplift cannot be called into question. At present they are represented in the Council by members nominated by the Governor. They claim that their representatives should enter the Council by election. So far there is an agreement among all classes and sections. But the difference of opinion is acute as soon as the question of the electoral roll is raised. Some favour reserved seats in joint electorates and others advocate special electorates. On principle, the former system of joint electorates is very attractive. But when one examines its practicability one is confronted with great difficulties and I am myself convinced that to call upon the Depressed Class candidate to contest a joint electorate is to call upon a cripple to run a race with an athlete and will amount to denying them effective and real representation. The Government of Bombay have recommended for these classes separate electorates and I have been holding the same view for many years. I am authorised by the party I represent to state that they also support the claim of the Depressed Classes.

Another matter in which my people are interested is the Indianisation of the Army. In accordance with the recommendations of the Defence Committee of this Conference, an Expert Committee was appointed by the Government of India, and their Report has been placed in our hands. It is a pity that there is no opportunity for us to discuss the recommendations of the Committee, especially when that Committee has gone out of its way to express its opinion in opposition to that expressed by the Defence Committee with regard to the necessity of keeping Sandhurst and Woolwich open for Indian Cadets, in addition to the number of students that will be admitted into the Indian Military College to be started hereafter. I have drawn up a note on this subject which has been circulated to all members of this Conference, and I hope, Lord Chancellor, that it will be sent to the Government of India for their consideration.

I crave your indulgence to say a few words about another Report which has also been circulated among us. I mean the Report dealing with the financial ability of Sind to bear the strain of separation from Bombay. I have no desire to pass any remarks in favour of or against separation. The Report shows that the Government of Bombay have been spending over a crore of rupees (£750,000) a year on the administration and development of Sind in excess of the revenues obtained from that Province. Besides this, Bombay was incurring heavy capital liability on account of the Sukkur Barrage and other Irrigation schemes.

Here in this Conference, and especially in the Sind Committee. speeches were made charging the Government of Bombay with stepmotherly treatment of Sind. The report has exposed the hollowness of this charge and shows how ungrateful Sind has been to the mother, who is spending considerably more on Sind than her revenues warrant, at the cost of her own people. I trust that the representatives of Sind will acknowledge the debt they owe to the Presidency proper and withdraw the charge of stepmotherly treatment brought against the Government of Bombay.

Sirdar Jarmani Dass: Mr. Chairman, our discussions in both Sessions of this Conference have shown that federation will be the appropriate form of constitution for the whole of India. We have seen that the two Indias cannot remain isolated without prejudice to their welfare and that, if suitable safeguards prevent one part from encroaching on the legitimate rights of the other—safeguards that would preserve the sovereignty of the States and the prestige and personal dignity of the Rulers—both British India and Indian India may enter into federation with confidence.

The Maharaja of Kapurthala, whom I have the honour to represent, has signified his concurrence in the Federal scheme. The progressive ideas which His Highness brings to the rule of his State are well known. The institution more than ten years ago of a Legislative Assembly closely associated his subjects with his Government. It is widely hoped that in due course all Indian States will introduce constitutional forms of Government, so as to bring their systems into

line with responsible Government in British India, as far as may be practicable. I share that hope, being emphatically of the opinion that the welfare and prosperity of the whole of India will depend largely on the ruling Princes keeping this policy steadily in view.

Federation is an ideal accepted by all parties, and if there are differences of opinion among the Princes, it is not on the basic principle of federation, but on the method of selecting representatives to be sent to the Federal Legislature. The difference is that some Princes favour direct representation, and others indirect representation through an Electoral College.

A study of these schemes leads me to hold that a *via media* can be found, whereby both methods could be embodied in the new constitution. A most important question is, how to divide and distribute the seats that are to be allotted to the States. In my view, this cannot be done satisfactorily on the basis of population and salutes. Under the scheme Sir Akbar Hydari outlined in his speech on September 23rd in the Federal Structure Committee, if only 50 seats were given to the States, 24 would go to the 24 States whose Rulers have salutes of 21, 19 and 17 guns; one each to other States grouped in different Provinces and agencies. Of the surplus, Hyderabad would have five additional seats, and Mysore, Baroda, Gwalior, and Kashmir two each. Sir Akbar mentioned distribution on these lines in a merely illustrative sense, but I assert that if his scheme is adopted, federation is doomed. It must not be forgotten that salutes are not the real criterion of the importance of States. The majority of the Sovereign States will remain out of federation if proper representation is not given to them, and this will mean the wreck of the Federal Constitution.

The inclusion of the majority of Sovereign States is of the utmost importance for consolidating the constitution. Just imagine the weakness of the edifice of federation if only one seat were given to all the Punjab States (excluding Patiala and Bahawalpur) comprising, among others, martial Sikh States like Nabha, Jind and Kapurthala, whose contributions to defence have been so vital to the safety of the Indian Empire, situated as they are in the Punjab, on the borders of Afghan territory. Important Mussulman States like Rampur and Junagarh, and Hindu States like Alwar, Bhavnagar, Nawanagar, and Dholpur, would also be excluded. Under such conditions federation will stand on weak pillars and will not bear the onslaught of any storm. Besides, it will be exceedingly difficult, however impartial the proposed Committee of allocation may be, to give a just and equitable representation to the States. I beg to submit, therefore, that the procedure adopted in the constitution of the Chamber of Princes, which was inaugurated by Royal Proclamation on February 8th, 1921, may with advantage be followed for the selection of representatives of these Princes for the Upper Chamber of the Federal Legislature. We all know the importance attached by the Indian public to Queen Victoria's Proclamation of 1858. It is most important that the Proclamation of our present Gracious Sovereign, issued little more than ten years ago,

should be the guide in this cognate matter of the Princes, whose relations are, not with the British Parliament, but with the Crown. There are also other reasons why the system which has worked satisfactorily for the whole body of Princes since 1921 should not be departed from, in order to introduce a new principle that is certain to create jealousy, heart-burning and suspicion, which we are all anxious to avoid. I would suggest that, as provided in the constitution of the Chamber, one seat each should be given to all the ruling Princes who are members of the Chamber at present. If the 121 States are each given a seat in the Upper House, the claims of all the States will be met without giving any legitimate cause for grievance to the major States. The latter will have a considerable number of representatives in the Lower House on the population basis, since both Chambers are to have co-ordinate powers; the greater States will not have cause to grumble, as they will always have a strong position in the Legislature. Hyderabad, for instance, with its population of about 13,000,000, will have 14 members, one in the Upper and 13 in the Lower House. States with a population of one million will have only two members; one in each House. I submit that the Upper House should be enlarged in order to accommodate the 121 members from Indian States. On a fifty-fifty basis, the Upper House would then number 242, while on a 40 per cent. basis it would be just over 300. This is not a large number compared with the Japanese House of Peers, which has 399 members; and the British House of Lords is very much larger.

That distinguished leader, Sir Tej Bahadur Sapru, on September 15th, said, "It is for Their Highnesses to decide what is the minimum number which will meet with their requirements, and then we will discuss the question of proportion between British India and Indian States." From his remarks and those of other leaders of British India it would seem there should be no difficulty in British Indians agreeing to make the House a little larger to meet the needs of the States. The weightage given in the Upper House over the population percentage of the States should be used in the interest of the medium and smaller States. I am not thinking in this connection of the State I represent. Kapurthala will have direct representation in any event on account of its historical importance, its contribution to the defence of the country and for imperial purposes in the Afghan Wars and the Great War. It is also assured of representation from the point of view of salutes and the full sovereignty it has enjoyed for some centuries. In the interest of the Princes as a body, we cannot allow these States enjoying full sovereignty to be treated in any inferior manner to those who enjoy the same rights although they are more thickly populated and their areas are larger. The equality of status among Sovereign States is implicit in the constitution of the League of Nations, where powerful countries such as England and France have the same representation as Uruguay and Paraguay in South America. As for the Lower House, I agree that the States' representatives should be on the basis of population. I urge that States'

representatives should be chosen by the Rulers from the members of the Legislative Councils of their States.

I take this opportunity to express my firm conviction that the communal trouble in India which, unfortunately, is making its appearance also in some of the States, is transitory and artificial. Once confidence is restored and all suspicion removed, factors of community, caste, and creed will take only a secondary place in the political life of the country. This is the spirit of the younger generation to-day; as on them will rest soon the responsibility of working and developing the new Constitution, one can look to the future for a united and happy India without any misgiving and, indeed, with confidence.

I take this opportunity to express my profound appreciation of the great work of the Prime Minister and other Ministers in helping the Conference. History will record that the intentions of the British Government *vis-à-vis* India have been sincere. When we go home and reflect on all that has happened we shall recognise how many times during these Sessions we have had proofs of the sincerity of their affection for our country. They are as anxious as we are to lead India to the goal of a self-governing country as a co-equal partner in the Commonwealth of the British Empire. The friendship cultivated by association for over a century and a half should be used further to strengthen the ties between England and India by which the attachment between the two peoples will become unbreakable.

I am irresistably reminded of a noble precept from Shakespeare which applies equally to India and to England:—

> "Those friends thou hast, and their adoption tried
> Grapple them to thy soul with hooks of steel."

Mr. Barooah: This time, we meet in this historic hall, under different circumstances. When we met here a year ago we were looked down upon and ridiculed by many of our people at home. They thought that we were going on a fool's errand. But towards the end of the last Session of the Conference, the circumstances changed, and people in India began to look up to this Conference with hopes, which they had refused to entertain before. I should also say that the whole world is watching this unprecedented meeting of the East and the West, with the greatest interest.

What India demands to-day is the legitimate birthright of one-fifth of the whole human race. It is the British Government which is primarily responsible for this demand, and it is the British Government again which can either grant or refuse it to-day; and in either case, Sir, I leave it to you to think, what will be the effect, not only in my country, but also in yours, as well as in the rest of the Empire. It ought to be regarded as a matter of great glory to England, that under her tutorship, the vast millions of India, the ancient land of light and civilisation, have joined to-day in one voice, in demanding equal partnership with the people of the British Empire and a place of honour among them.

I know that we have not solved our communal problems. I do not wonder. At this turning point in our history, it is but natural for every community to be anxious to safeguard its own rights. But it is significant that whatever differences there may be among us in this respect, the entire Indian Delegation is unanimous in one matter. The Princes and the people, Hindus and Muhammadans, Sikhs and Christians, have in one voice put forward their united demand before the British Parliament and the British people that India should be as much independent as any of the other Dominions in the Empire, and that she should acquire that status without unnecessary delay. You must have also observed that the points on which we still happen to disagree are much fewer than those on which we have agreed; and that our differences have been narrowed down to such an extent that they may now be left to the sagacity and sense of fairness of British statesmanship for satisfactory settlement.

Dominion Status was promised to India; and it is Dominion Status that India demands to-day. I can conceive of no Dominion Status for India, without responsible government at the Centre and without control over the Army, the Purse and the Foreign Affairs, to the full extent to which they are enjoyed in the other Dominions in the Empire. I do not forget that in some of these departments, safeguards are necessary for the period of transition; but none of us is afraid on this account. We are agreeable to all just and proper safeguards. I, therefore, beg to submit that the Government will not now be justified in telling us that inasmuch as we have failed to come to a complete settlement of our communal differences we must return to India with Provincial autonomy alone. We were brought here not to settle our communal differences. That could be done better in India than here. We were brought here to assist you, in our humble way, by free and frank discussion with you, to hammer out an honourable constitution for our country, on the line of the Dominions, in spite of all our communal differences. The Government were not unaware of our communal differences, when they made the promise of Dominion Status for India and when they asked us to come here to assist them to arrive at the greatest common measure of agreement for the same; nor did they make the settlement of communal differences a condition precedent to the attainment of Dominion Status. It is therefore not open to the Government now to say that Dominion Status cannot be given to India, because the Indian communities have not yet been able to bring about a complete settlement of all their differences. In fact, these differences have already been considerably removed and what still remains, can be easily adjusted by the able statesmen of this country, without doing the least substantial injustice to any of the communities concerned, provided only that these statesmen face the situation with sincerity, sympathy and boldness. It is only in respect of Bengal and the Punjab that there are some real difficulties; and I venture to appeal to you, Sir, as head of the National Government, to take this matter into your own hands, deal with it in the spirit of a wise head of a coparcenary family, and by per-

suading some and overruling others of the members of our Indian household settle it in a manner conducive to the best interests in the long run of all.

The percentage of representation of a particular community on the representative bodies of a country always depends upon its numerical strength as well as upon other considerations, such as the general importance of the community, and inasmuch as these are always changing factors, the representation also must require change and adjustment from time to time. For these reasons, any formula that may now be adopted for the representation of our various communities on our legislative bodies cannot stand good for ever. It will have to be often reconsidered and readjusted in the future. I do not in the least attempt to minimise the great importance of adequate representation of our different communities to safeguard their own interests. But I would impress upon all communities that at this stage of our political advancement the attainment of self-government for India is of far greater importance than anything else. When we achieve this, there will be ample time and opportunities for any readjustment in the matter of representation. You will excuse me, Sir, if I tell you that we are perhaps proceeding on the wrong line. A nation acquires independence first and settles its communal differences afterwards.

It must be remembered that a constitution requires much modification and improvement, after being once built up. No constitution has ever been complete and quite satisfactory and faultless from its very birth. Your own constitution was not as glorious as it is to-day when it was first introduced. Our present differences, therefore, should not stand in the way of a popular constitution for our country. Satisfy the discontented millions of India, by at once giving her a modern constitution, and the required improvements will come of themselves later on.

The Indian Round Table Conference, far from being a failure as some people would want the world to believe, has been a great success. It has proved, beyond the shadow of a doubt, that India is not only united but also earnest in her demand for complete self-government. If the communities have differed, they have differed only in matters of details and not in the main and fundamental principles. Their anxieties to protect their own interests do not indicate, in the least, their hostility to the national cause, but prove most unmistakably their keenness to ensure the stability and smooth running of the future self-governing machinery for India. Well, Sir, these are very valuable materials to build up Dominion Status for my country.

This Round Table Conference is a great turning point in the history of British connection with India. It has afforded a unique opportunity of binding up with the Empire one of the greatest countries of the world, with ties of lasting affection, friendship and goodwill, so essential for the welfare and the prosperity of the entire British League of Nations. Here around this table, on this

memorable occasion, are assembled the representatives of all the different communities, classes, creeds and schools of political thought in that vast country, every one of whom is willing, with a full heart, to co-operate with you, the representatives of the British political parties, for the common good of the whole British Empire. Such an opportunity did not occur during the last two centuries of British rule in India and will perhaps take many many years to occur again. I entreat you most earnestly—do not lose this great opportunity; communal differences we no doubt have; but do not make much of them; you can help us to unite, in spite of these differences; help us to rise to the honourable position of your other Dominions; and give us peace and contentment. A contented India will be a source of infinitely greater strength and pride to England; but a discontented India, feeling a sense of humiliation, as she feels to-day, is bound to be a burden of ever-increasing troubles to you and will not be worth possessing at all.

The air is thick with the rumours that this Conference will end in a declaration of Provincial autonomy, for the present, coupled with an assurance that the promise of responsibility in the Centre will stand good for the future. Such a procedure is calculated to do immense harm. In spite of this pious assurance, it will not pacify India; it is sure to alienate the sympathy even of that small section of Indian politicians that has stood by the side of the Government, up till now. I therefore once again appeal to you, Sir, and to all those, who are concerned in this matter—let it not be said, when this Conference is over, that British statesmanship failed to grasp the Indian situation, or to read the signs of the times and to rise to the full height of the occasion.

The matter of responsibility at the Centre is no longer a difficult matter. After the pronouncements made last Thursday, in the Federal Structure Committee, by Mr. Jinnah, Sir Muhammad Shafi and Sardar Ujjal Singh, it is now only a question of providing adequate safeguards, to protect the minorities; and to this, none of the Indian Delegates will ever object.

These are my general observations. I have submitted a separate note on a few points that vitaly concern my own Province. It refers chiefly to the matter of representation and territorial redistribution and the treatment of the hill areas in Assam. I hope that it may be treated as a part of this speech.

In addition to what is contained in that note, I beg to mention only one more matter. The proposed allotment of seats on the Central Legislatures by the Sankey Committee for the Province of Assam is regarded as inadequate. The Committee, while holding that for the Upper Chamber, " the guiding principle should be a reasonable approximation to equality of representation for each unit ", also observe very rightly that " absolute equality, having regard to the great variation in size and population between the Provinces, would obviously be inequitable ". I entirely agree with these views; but I beg respectfully to point out that in suggesting

only five seats for Assam in the Upper Chamber of the Indian Legislature, none of these principles have been strictly followed.

As for determining the representation of a Province in the Lower Chamber, the Committee very wisely took the view that it is not only the population of a Province, but also its importance in other respects that should be taken into consideration. But in allotting no more than seven members to represent the Province in the popular House of the future Parliament of India, I feel, Sir, that the present position of Assam as a great centre of tea, coal and oil and her ever-increasing industries have not met with adequate consideration.

I have received a cable from the " Assam Association ", a political body of great importance in my Province, to put in my objection to these allotments and I request that my objection may be noted and considered.

Raja of Bobbili: Lord Chancellor, I am exceedingly thankful to you, Sir, for allowing me an opportunity of placing before this Conference the views of the Landholders of India whom I have the honour to represent on this Conference. I do not share the view held by some Delegates that speeches at this stage are of little value, particularly because the representatives of Landholders have had no other occasion of acquainting their fellow-Delegates, both British and Indian, of some of the vital issues which concern them. I trust that the Conference, and those that will have ultimately to draft the constitution, will give their best consideration to the case of the Landholders.

Sir, I understand that the Reports presented to the Plenary Session both on the last occasion and on this, are open for discussion at this stage; and therefore I propose to deal very briefly with some of the issues which arise out of the Franchise, the Minorities, and the Provincial Constitution Reports, and finally of the Federal Structure Committee's Report so far as it concerns the Landholders.

Now I desire to submit that the Zamindars, holding a large stake in the country, and to a certain extent conservative by tradition and instinct, have no desire to arrest progress or to thwart the legitimate ambitions of their countrymen. They are a part of the nation and are bound to take note of the surging tide of nationalism and the unanimous desire for Dominion Status for India. But they will be false to their principles and untrue to their order if they do not desire to preserve the inherited rights of their class, and secure legitimate guarantees in the new order of things.

In the first place, the Zamindars claim that they should have special representation in the Legislature, Provincial and Central, as hitherto, and urge respectfully that this representation is more necessary now than hitherto.

Secondly, realising that no reasonable amount of special representation can by itself be an adequate safeguard, they urge that in all Provinces there should be established bi-cameral Legislatures,

the Upper House having a steadying influence on the occasional impetuosity of the popular Chamber.

Lastly, in view of the sanctity which they attach to the agreements entered into with them, and the sanads granted to them by the Paramount Power, they urge for the inclusion in the fundamental rights of a clause securing inviolability of the terms of such agreements and sanads.

Indeed, the memoranda that have been circulated to the Delegates of this Conference by the Maharajah of Darbhanga and myself make it unnecessary for me to deal at any great length with some of these issues.

With regard to special representation, in our first memorandum, which I trust will form part of the record of this Conference, we have explained the need for special representation for Landlords in Provincial Legislatures. It is a matter for regret that both the Franchise sub-Committee and the Provincial Constitution sub-Committee did not deal with this question. I must, however, express my gratitude to the Federal Structure sub-Committee for its unanimous recommendation that Landholders should have special representation, preferably in both Houses of the Federal Legislature, and certainly in the Lower. I venture to submit respectfully that the need for such special representation is even greater in the Provinces where Legislatures may have to deal with questions which more directly and vitally concern them. As we have pointed out in our memorandum, every Provincial Government has recommended such special representation. The Government of India has strongly endorsed the views of Local Governments in this behalf. And both on the strength of the Reports of the Provincial Committees which collaborated with the Indian Statutory Commission, and on other evidence, it can be asserted that non-official Indian opinion has generally been in favour of such representation. In this connection I cannot do better than quote the views of the Government of India expressed in its Despatch:—

> "We have ourselves no hesitation in holding that this form of special representation should continue. The success in general constituencies of persons possessing the special Landlord qualification can rightly be regarded as a healthy sign of a greater readiness on the part of a conservative class to recognise their obligations, and take up political responsibilities under an increasingly popular system of government. But prejudices still survive, and, unless special constituencies are retained, many leaders of this important class may still be unwilling to expose themselves to the hazards of election by general constituencies, and *those Landholders who are elected by general constituencies may prove to be unrepresentative of the landholding interest.* Such questions as tenancy and land revenue measures can be expected to occupy more prominently the attention of the Provincial Legislatures in the near future, and in the controversies likely to ensue, the Landlords can reasonable claim that they

> should not be deprived of their special representation at a time when the extension of the franchise may well increase the difficulty of their securing representation on a general register."

And further the Government of India conclude their final and considered recommendation in the following unmistakable terms:—

> "On the broad issue whether or not there should be special constituencies for the representation of the great Landholders, we have no hesitation in accepting the view of the Indian Central Committee and of the Provincial Governments, that they should be retained both in the Central and in the Provincial Legislatures."

I must therefore conclude, Sir, that no constitution for the establishment of Provincial Legislatures will fail to take note of the need for special representation being given to Landholders.

With regard to Second Chambers, another question in which we are interested is the proposal for the establishment of a bi-cameral system of Legislature in the Provinces. I note that the Provincial sub-Committee has by a large majority recommended the proposal unconditionally for some Provinces and conditionally for others. In so far as those Provinces for which such a system has been recommended—namely, Bengal, United Provinces, and Bihar and Orissa, we welcome and endorse the proposal, but we are not satisfied with the state at which the problem has been left in regard to the other Provinces. The establishment of Second Chambers is so fundamental an issue, not merely in regard to vested rights and interests, but even to the proper working of the constitution, that no one can contemplate with equanimity a differential treatment of the Provinces in this respect. It is inconceivable that at the threshhold of a new era of great constitutional reforms the affairs of vast provincial areas and populations should be left to the untrammelled control of a single Chamber. The check for over-hasty or panicky legislation must be found from within, and cannot either effectively or for long be imposed from without with such expediences as powers of veto. Sir, I venture to think that the recommendation of the Provincial sub-Committee would have been modified so as to be applicable to all Provinces if it had before it the picture of the constitution proposed for all India. The expedience of the scheme of an all-India Federation resulted in an appreciation of the position of the Provinces which will, if not immediately, certainly within a short time, approximate to sovereign States. It is, therefore, imperative that in the new constitution every Province must have bi-cameral Legislature, the Upper House acting as a wholesome restraint on the Lower.

Sir, I have referred to the Minorities sub-Committee and its Report. It is regrettable that in the preoccupations of that Committee over the communal issue other vital matters such as those affecting various interests and the question of fundamental rights have not even been discussed. I am, therefore, constrained to refer

in some detail to one of such vital issues concerning Landlords. I desire it to be clearly understood that I am speaking on behalf of that group of Landlords who are holders of permanently settled estates.

I shall not weary the Committee by tracing the history or describing the genesis of some of these estates—some of which are so vast as to be larger both in size and importance than the territories of many a ruling Chief of India. I shall only content myself by stating what is an undoubted fact, that the ancestors of many of these estates were Rulers with full sovereign powers, and that they gave up their sovereign powers under specific agreements and mutually binding covenants.

It is unnecessary to go into the history of the Permanent Settlement, but I may be permitted to quote just two articles from that historic document which Lord Cornwallis was responsible for, so far as Bengal is concerned. In the Proclamation which the Marquis issued under the authority of the Board of Directors in 1793 it is stated:—

> "The Marquis Cornwallis now notifies to all Zamindars, independent Talookdars and other actual proprietors of land in the Provinces of Bengal, Bihar and Orissa, that he has been empowered by the Honourable Court of Directors for the affairs of the East India Company to declare the jumma which has been or may be assessed upon their lands under the regulations above mentioned, *fixed for ever.*" (Article II.)

Article III of the Proclamation further states:—

> "The Governor-General in Council accordingly declares to the Zamindars, independent Talookdars and other actual proprietors of land, with or on behalf of whom a settlement has been concluded under the regulations above mentioned that at the expiration of the term of the settlement no alteration will be made in the assessment which they have respectively engaged to pay, but that they and their heirs and lawful successors will be allowed *to hold their estates at such assessment for ever.*"

These conditions and assurances are not exceptional for the landholders of the Provinces mentioned herein, but they are applicable generally to all permanently settled estates. In fact, the following clause appears in the sanad granted to every landholder of a permanently settled estate in the Madras Presidency:—

> "The British Government resolved to grant to Zamindars and other landholders, their heirs and successors, a permanent property in their land in all time to come; to fix for ever a moderate assessment of public revenue on such lands which shall never be liable to change under any circumstances; to institute Courts of judicature for the protection of these valuable rights."

Sir, I plead that these obligations should be carried over to the new constitution and that the new Government should be bound by these obligations entered into by the old. I ask for an incorporation in the fundamental rights of a clause which will prevent in any manner the whittling down or impairing of these rights. We desire that the terms of the settlement should not be altered in any manner. We desire that no expropriatory legislation of any kind should be permitted which will either deprive us of any portion of our estates or lessen the value of such estates except on payment of just compensation adjudicated upon by competent tribunals. Sir, it would under normal circumstances have been unnecessary for me to press this claim for safeguarding lawfully acquired existing rights of the landholders. But the trend of certain agitation in India, confined though it has been to a small section, has created a feeling of profound uneasiness among the class which I represent. Nor have our apprehensions and anxieties been diminished by listening to the speech which Mahatma Gandhi made at a meeting of the Federal Structure Committee in discussing British commercial rights. We have heard with alarm the proposal seriously put forward that titles to property will be subject to examination and audit by the new Government, not according to any well-defind law but according to a mysterious process which recognises only that which is " legitimate " and " in the best interests of the nation ". We feel that to mix up moral ideas with legal ideas would result in doing injustice both to moral conceptions and legal ideas. Sir, I do not desire to dilate on this aspect of the case and will only say that such a proposal can never be accepted by the landholders.

We desire that all the covenants and obligations which the present Government have entered into with us must be carried over to the new regime, and accepted by the new Government. Nor is this proposal a new or revolutionary one. Such was exactly the arrangement when the Crown took over the administration from the East India Company. By Section 67 of the Government of India Act of 1858 it was enacted that " All treaties made by the said Company shall be binding on Her Majesty, and all contracts, covenants, liabilities and engagements of the said Company made, incurred or entered into before the commencement of this Act may be enforced by or against the Secretary of State in Council in like manner and in the same courts as they might have been by and against the said Company if this Act had not been passed ". This section has been repeated in subsequent enactments and is reproduced as Section 132 in the latest Government of India Act of 1919. We strongly urge for a similar section forming part of any new constitutional statute for India. The effect of such a provision will be that if on a proper interpretation of the contract between the East India Company and the Landholders under various sanads and agreements and understandings the Government was precluded from increasing the burdens on or impairing the value of their estates, future Legislatures, Central or Provincial, and future Executives will be under the same bar. I submit this is neither an unreasonable nor an extravagant claim.

Sir, I have circulated a memorandum on the constitution of an Andhra Province which has been the subject of agitation for many years and which is now an urgent necessity. While I have no desire to side-track the work of this Conference or to delay the passing of any constitutional Act of Parliament, I am equally clear in my mind that the formation of an Andhra Province cannot be long postponed. I suggest that the constitution should provide for the division of a federating unit so as to facilitate the formation of Provinces based on linguistic affinity and that in the meanwhile the Government of India should take steps preparatory to the constitution of an Andhra Province.

Sir, I have only one other aspect of the work of this Conference to touch upon before I close my remarks. I am one of those who do not feel that the Conference has failed to achieve what it set out to do. It has certainly settled the broad outlines of the constitution and has put before us the bold scheme of an all-India Federation, which alone will solve the many difficulties connected with constitutional advance. It is perfectly true that a solution of the minorities problem has not been arrived at, but I shall not be too tragic over its failure—I am aware, Sir, that a large body of Delegates, even at this eleventh hour, are willing to come to a settlement and will not question any solution that you may propose. But unanimity is impossible in this as in any other question—and indeed must be more so in this than in other questions. Speaking on behalf of the Landholders of the Madras Presidency, and if I may, for the Justice Party of which I happen to be a member both in the Legislature and outside, I should like to take this opportunity of stating that we are emphatically of opinion that special representation should be given to the untouchable classes. Not merely justice and expediency, but the very needs of democracy as well as social reform, require the guaranteeing of a certain number of members of these classes being elected to the Legislatures, and we can conceive of no other method, than that of special representation for securing that end. I should like to add that both my class and my party also endorse the claim for special representation of Europeans, Anglo-Indians and Indian Christians, and we very much regret that there should have been any voices raised against such claims. Sir, the vast majority of my countrymen, particularly the younger section, are tired of continual bickerings over the representation in councils of the various communities, and I want to give your Government this assurance, that provided the advance in constitution is satisfactory and as visualised at the last Session of the Conference, any decision by the Government on the communal issue, in the absence of an agreement, will be not merely accepted but warmly welcomed by the vast majority of the people, and the country will settle down to a peaceful era of progress.

Sir, one word more and I have done. During the last days of the Federal Structure Committee I have watched with interest the discussion on the issue whether Provincial autonomy must precede

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Central responsibility or must coincide with it. Some have suggested that it will take at least three years to complete the necessary steps before an all-India Federation can be established, that it would be unreasonable to keep India so long under the present constitution, and that therefore Provincial autonomy may be introduced as soon as possible. Others have suggested that this proposal may postpone indefinitely the question of responsibility at the Centre, and have therefore urged simultaneous advance both at the Centre and in the Provinces. I may be pardoned for the reflection that much may be said on both sides. I agree with those who believe that if Parliament will pass merely a Bill for Provincial autonomy it would create such suspicion that the Provincial constitutions will not have a fair chance of success. It would also be unreasonable to ask Provincial Ministers, however responsible they may be, to shoulder the burden of suppressing an agitation for responsibility at the Centre, an agitation which is in no way due to any act of the Provincial administration, and the justification for which they cannot really question under such circumstances.

I feel therefore that Provincial autonomy and the establishment of a responsible all-India federation must more or less coincide and that there can be no satisfactory transitional arrangement of a British-India Federation.

I should like to remind the Conference that it has proceeded all along on the basis of an all-India Federation and that important interests have agreed to responsibility at the Centre on that basis. I feel that the interposition of a British-India Federation, though for a transitional period, will necessarily lead to the reservation of many more subjects than at present contemplated, and what is a far greater danger, will inevitably prevent the formation of an all-India Federation, thus converting the transitional stage into a permanent state of immobility. On the other hand it is no good questioning the *bonâ fides* of those who state that three years may elapse before the Federation can come into existence. I feel, Sir, that a middle course is possible which may meet both view points, and I commend it for the earnest consideration of the Government. It is undeniable that even according to the proposals of the Federal Structure Committee, Provincial legislatures must come into existence before the Federal legislatures, so that the Upper Federal Chamber may be constituted out of them. What is really apprehended is that after passing a Bill for Provincial autonomy Parliament may rest on its oars and not proceed further. These apprehensions will be removed if a composite Bill for the establishment of Provincial autonomy and the inauguration of a Federation for All-India is passed by Parliament. One portion of the Act so passed may come into operation earlier than another part, a definite date being, however, fixed for the coming into operation of the second part. During the interval the work of completion of the picture may be carried out, the proposals emerging from such work, by means of negotiations, being embodied in statutory rules which may be laid before Parliament from time to time for ratification. It is obvious that all the details cannot be embodied in the Act

and must be the subject of legislation by statutory rules as indeed was the case in 1919. I venture respectfully to put forward this suggestion for the consideration of the Government and Conference, I beg to apologise for the time I have taken and to thank you once more for the valuable opportunity given to me.

Sir Hubert Carr: Lord Chancellor, during the past week or ten days we have heard a good deal regarding the alleged failure of the Conference, and I am glad to have this opportunity to express the view of my colleagues and myself, which is very emphatically opposed to that description. We feel that the deliberations extending over the past year have led to a very remarkable degree of agreement on many questions of vital importance to the future of India. In holding this view, we do not shut our eyes to the difficulties which still exist, but we have a keen recollection of the great difficulties which faced this Conference when it first assembled last year.

Our community takes, perhaps, a more severely practical view of the problems confronting them, and consequently, although at one with many of the Delegates in visualising India's future as an autonomous unit, we are perhaps liable to attach greater attention to the practical difficulties in the road. We feel very strongly that not only, as has been said by many speakers, will the finest constitution in the world fail to operate satisfactorily without goodwill, but also it will fail to act unless it has a sound, practical basis. It is security of life and of property for every person within the borders of federated India which will be the final criterion on which the constitution of India will be judged. That general principle has influenced our attitude in the many discussions on the various subjects in which it has been our privilege to take part, and it will continue to be our general principle in assisting the development and application of constitutional reforms. Granted, such a policy has not as its basis the achievement of the highest speed, but because it is tempered with a keen appreciation of Indian political feeling we do believe that it is calculated to achieve the highest speed which is compatible with reasonable safety. Were nothing to result from this Conference other than the increased understanding and respect which Delegates have found for each other, the gain would be considerable. This closer relationship enables all parties to give voice, without fear of misunderstanding, to their genuine thoughts, and permits the advocacy of lines of action in the knowledge that they will be judged in the spirit in which they are put forward. It is in this atmosphere that the European section of the British Indian Delegation stands firmly for such financial safeguards as will enable India to preserve her credit, and we do so without fear of being suspected of wanting to hold India back from her natural constitutional progress. We take that position because we know that India, if she depreciates her credit, will be hampered in all her future efforts at political, economic, or social development. It is in this atmosphere that we insist upon separate electorates for electing our representatives for the legislatures, while we wish to play our part and make our contribution to the public life of India.

We urge this course not only for ourselves but for those minorities who demand it, not in order to hamper the unification of India, but because we verily believe it is a necessary step in securing true representation, and also that reasonable and intelligent confidence in the Parliaments of the country which is essential to their success. In the same way we have urged the maintenance of efficiency in the Services, not for the purpose of withholding power from the new Governments, but because we want those Governments to start with such weapons as will enable them to ensure to the land peace and tranquillity.

It is a commonplace that no government can be strong without popular support, and no small degree of risk is justified in obtaining this. I have said that my community believes strongly in taking a safe line in constitutional development, but in measuring the degree of safety attaching to any forward move we have to consider the alternative risks. Safety does not lie in any one direction and danger in another. We should much prefer Provincial autonomy instituted previously to any change in the Centre, or even before it is decided on at the Centre. We realise, however, while deploring it, that there is not sufficient confidence existing between India and Britain to-day for India to be content with merely Provincial autonomy and a declared intention of development at the Centre. We are, therefore, united with our fellow Delegates in demanding that the whole framework of Federation and Provincial autonomy shall be determined at the same time. We earnestly hope that Provincial autonomy will be introduced Province by Province, the varying needs of each being recognised in its constitution. In some Provinces—and here, in recognition of communal difficulties, I refer especially to Bengal and the Punjab as well as to the United Provinces and Bihar—two chambers appear to be desirable. Discussions during the past few days regarding the introduction of reforms at the Centre have been, to our way of thinking, of extreme value; in fact, I am not sure that they have not proved to be some of the most illuminating in the whole course of the Conference. They have clearly defined the attitude of different Delegates to these wider questions which alone induced so many of them to take part in these proceedings, as compared with the narrower and specific needs of different communities. In this respect I would like to refer briefly to a matter which must loom large in the minds of my countrymen in India. Our demand to be allowed to take an equal share with our Indian fellow-subjects in the commercial and industrial development of India is vital to us. It does not imply any disadvantage to India nor any handicap on her industrial development, and the generous spirit in which our demand has been received in almost every quarter is, I think, a happy augury for the future. It will create a good impression on our community, and will facilitate mutual agreement on conditions which may be included in a Convention such as was foreshadowed at the first Session of the Conference and which I hope will at some time materialise to the satisfaction of everybody.

Such a Convention to my mind would assist commercial competition to remain on a friendly basis and I think would clear the way for that joint enterprise in commerce and industry which cuts in such a practical manner across racial differences. Indeed, as mutual respect and understanding increase and lead to the separation of ordinary competition and legislative protection from all merely racial considerations, I hope that the interests of Indian and British Chambers of Commerce will be found to be identical.

The task now lying ahead of all parties is to prepare the ground for the new constitution. I wish to pay our sincere tribute to those of our fellow-Delegates whose high sense of public service compelled them a year ago to face no inconsiderable opprobrium and take their place at this Conference. It must be a great satisfaction to them that their action paved the way for the most representative gathering it would be possible to select from India for this Second Session of the Conference.

Without their work Mahatma Gandhi might have remained for many people in this country a more or less mythical figure, making salt in forbidden places or weaving all kinds of yarns.

Mr. Gandhi: You mean spinning all kind of yarns.

Sir Hubert Carr: Yes. As it is, we have the great advantage of having him and his fellow-workers from the Congress at this table, where he has become a real living figure. His views are better understood, and his national aims—in so far as they envisage India as a member of the British Commonwealth—have our sympathy, even if we have to agree to differ in some respects as to the methods of achieving them. On his part I trust he cannot but have gained a fresh understanding of the British outlook, and realised that it is entirely friendly to the political development of India.

If this has been achieved I feel we shall all take a broader view of the constitutional question and not merely accept but help to devise such methods legislative and administrative as may preserve the peace of India, while fostering the growth of national life.

I trust that as a result of the contact between Indian politicians and His Majesty's Government, all parties will feel compelled to throw their whole active influence into allaying the feeling of unrest in India, and preparing the calm conditions in which the peoples of India may rise from the present economic distress.

Any continued encouragement direct or indirect to break the law, either violently or non-violently can only prove in the long run a crime against the younger generation, a hindrance to the prosperity of the country, and a grave difficulty for future Indian statesmen and administrators.

This Conference has given His Majesty's Government clear indications of the lines on which the peoples of India want India to progress, and I trust no mistaken historical analogy or false conception of the present stage in constitutional progress will be allowed to influence any of us in playing our parts. Let us be clear.

We sometimes speak as though India is to make an entirely fresh start and that she presents, as in the past when sovereignty has changed, a clean slate.

Obviously this is not so. India is a progressive country with vast assets of great value, capable of immense development and in course of development.

The constitution is changing but the King-Emperor remains the common centre of India and the Empire. The interests of India will, I submit, be best served by calm, sane and steady—I do not say slow—steady progress towards that destined goal within the British Commonwealth which will satisfy the aspirations of India's people. I believe and hope that in time to come this Conference will be looked upon as a milestone towards that end.

Mr. Iyengar: My Lord Chancellor, in the few observations that I propose to make at this plenary session, I desire only to emphasise for the consideration of His Majesty's Government the position in which we, who have come to this Conference, found ourselves when we were invited this year. The invitation was based upon the declaration of policy made by the Prime Minister in January last, and the first sentence of that declaration, My Lord, was as follows:—

> "The view of His Majesty's Government is that responsibility for the government of India should be placed upon Legislatures, Central and Provincial, with such provisions as may be necessary to guarantee, during a period of transition, the observance of certain obligations and to meet other special circumstances, and also with such guarantees as are required by minorities to protect their political liberties and rights."

My Lord, that declaration was taken and I think rightly taken by all of us to mean one thing and one thing only. If I may employ colonial phraseology, the general doctrine that has been accepted as a result of British political history is this, that a colony can be governed from home, that a colony can govern itself, but it cannot be governed by a combination of both. Therefore, when His Majesty's Government made this declaration, we took it to mean a very definite statement that they contemplated a parting on the part of His Majesty's Government and the British Parliament with the right and responsibility of governing India, and were prepared to confer upon the people of India the power to govern themselves. The phrase "Central and Provincial" also, My Lord, seemed to indicate that His Majesty's Government was quite aware of the constitutional position which this actually involved in India. As has been repeatedly pointed out in the course of discussion, the Government of India, whether it is Central or Provincial, is carried on under responsibility to the Parliament of Great Britain. Therefore, the only proper and the only correct step for His Majesty's Government to take, if they want to confer responsible government upon India, is to divest themselves of this responsibility and to hand it over to legislatures responsible to the people of the country;

and that we considered, Sir, was implicit in the declaration made in January last.

If that is so, then I, as one who was invited, took it to mean two things. In the first place, it cannot connote the idea that mere Provincial autonomy as such is possible without Central responsibility. If Parliament is going to cease to be responsible for the government of India, then it is not possible for Parliament to say that the Provinces shall be governed without responsibility to Parliament, but that the Central Government in India shall continue to be responsible to Parliament. It seems to me a politically inconceivable conception that Provincial autonomy and Central responsibility to Parliament can go together. All that can be meant, therefore, whenever people talk of Provincial autonomy is, that Provincial autonomy merely means that Parliament is, under certain conditions and with due safeguards, prepared to devolve the power vested in it into the hands of certain Provincial authorities. Even to-day, where there is so-called responsibility in the hands of Ministers, the superintendence, direction and control over the government in India does subsist in law and in fact with Parliament and the Secretary of State, and the extent to which the Provincial Governments have liberty and the Ministers act under some sort of responsibility to the Legislature, is provided for only by means of rules drawn up by the Secretary of State in Council, by means of which he devolves power. Therefore, the fact that power is devolved under severe restrictions and safeguards by the Secretary of State in Council—and is resumable at will—in financial and other matters, makes it perfectly plain that Parliament cannot hand over its responsibility, except into the hands of a Legislature which can actually take over the entire responsibility for the government of India.

Therefore, My Lord, I took this declaration of His Majesty's Government to mean that Parliament has, once and for all, made up its mind that it will not govern India, whether by means of the Secretary of State, whether by means of the Government of India, whether by means of the Provincial Governments under some system of dyarchy, or whether by means of devolution rules, which may give power under stated conditions to the Central or Provincial Authorities.

If that is the implication of this declaration, then I submit that it is inconceivable that Provincial autonomy by itself can be considered to come within the meaning of this declaration. Therefore, if my interpretation of this declaration is correct, namely, that it involves the transference of the power of Parliament into the hands of people in India, that again, My Lord, takes me to the second point that I want to put.

This declaration speaks of transitional safeguards and reservations. Now, we have had a good deal of discussion about safeguards and reservations, but what I desire to state is, that if, as has been suggested in the Report of the Federal Structure Committee, Defence, External Relations, and to some extent financial matters

are to be what are called Crown subjects, then I say Parliament continues to control the Government of India in regard to those subjects. Now, if they are Crown subjects and if Parliament continues to control them, to that extent responsibility has not been transferred to Indian hands by means of this declaration.

The point that I want to make, My Lord, is not that there is no need for transitional safeguards and reservations, because these have been accepted by all of us who are attending this Conference. But these subjects should not be made Crown subjects in the sense that the responsibility of the Government of India with regard to those subjects will continue to vest in His Majesty's Government under responsibility to Parliament.

The point of view of those who agree that safeguards or transitional reservations are necessary is on all sides that these are essentially the operations which must be gone into in the process of transference of power from the British Parliament to the Indian Parliament. Therefore, so far as the process of transference is concerned, the measures that are necessary for that purpose are necessarily matters of discussion and negotiation; but, from the point of view of strict constitional theory, my desire is, My Lord, that they should not be treated as in any way indicating that certain important subjects of vital concern to our country should continue to be under the control of His Majesty's Government and Parliament here.

That is the position which I want to emphasise, for this reason. These reservations and safeguards should not be of such a character as to swallow responsibility, or in any way materially to reduce the substance of self-government or responsibility.

If we therefore examine the reservations from this standpoint, I feel that proposals which are made, or which may be made, for the purpose of giving Central responsibility without a Federation, by means of amendment, as one member put it, of six clauses in the present Government of India Act—such proposals seem to me entirely to ignore the fact that the declaration made by His Majesty's Government in January last negatived any such supposition.

Therefore, My Lord, we come back to the position that we should go ahead with the work of instituting this Federation on the basis of Indian responsibility. That is the only way by which the policy of His Majesty's Government could be carried out. The difficulties urged against immediate action have taken curious shapes and methods. I do not want to question the position of His Majesty's Government. I quite accept the statement that His Majesty's Government has not come to conclusions and will be guided in their decisions by the agreements reached and opinions expressed here, but we have been told in various ways, and various criticisms have been made for delay and inaction that appear to me to be distinctly dangerous in the situation that faces us in India. At one time we were told that unless the Hindu-Muslim issue was settled it was impossible to think of any responsibility at the Centre. At another

time we have been told, " Oh, until the Princes make up their minds to come in in large numbers to the Federation it is not possible to start the Federation; therefore it is a matter that takes time ".

Now, My Lord, the Muslims made their position clear, perfectly clear, the other day, and I think the Princes have made it equally clear that they are as anxious to proceed with the Federation as any other part of this Conference; and now, Sir, we have been told that the situation in Bengal and the situation generally in other Provinces will make difficulties in the constitution of this Federation—as if the situation was not due to the fact that we have been delaying in making this constitution for full responsible government for the country. The only remedy for that is not repression, but to go ahead with this work and to constitute this government with full responsibility as quickly as we can.

One other matter which I would desire to urge on Your Lordship is the question of these safeguards which we have been asked to discuss. I believed, when I came here that the first issue that would have to be put before us was the safeguards and the discussions upon them. What I desire to say is that in so far as these safeguards are necessary it is the Government, and His Majesty's Government in particular, that are in a position to tell us what the difficulties are, what the safeguards are that ought to be or could be made. As it was, we were left to grope in the dark. We were asked to assume certain hypotheses and to suggest if this happens, what will happen, if this happens what will you do, if the other happens what will you do? That was so on every one of these questions. Take, for instance, the question of financial safeguards. The actual position of Indian finance, the manner in which the Government has to face its difficulties in connection with the protection of India's credit outside, these are all matters specially within the knowledge of His Majesty's Government and the Secretary of State, and unless we are told what these difficulties are, unless it is made clear what are the difficulties with which we are confronted and which we have to overcome, it is not possible for us in an abstract manner to discuss these things.

And what happened, My Lord, when these financial safeguards were discussed? We went on making various proposals; we went on speaking of Financial Advisory Councils. On our part there was a very large measure of agreement on the financial proposals made. And then the Secretary of State for India came into the House and said: " of course financial safeguards are necessary, but in the present very delicate state of the financial position in India and in England we are not in a position to give you details as to what in our opinion should be met." There again we are held up by the position which His Majesty's Government have assumed.

Similarly, My Lord, with regard to defence and external relations. They are matters especially in the knowledge of His Majesty's Government, and if it is inconvenient for His Majesty's Government to discuss them all publicly in a very big Conference like this, it was perfectly open for them to take leaders into their

confidence, discuss it with them *in camera*, tell them what are the things they would like to do and to have, and that would have eased matters.

I therefore feel, My Lord, that in all these matters we are still at the beginning; but I do think that if only His Majesty's Government make up their minds that they shall be properly discussed, and where people like Mahatma Gandhi are here in a position to come to any reasonable and proper settlement on behalf of the country, it was the duty of His Majesty's Government to have taken such leaders into their confidence, to have asked them to meet their difficulties and to arrive at an agreement. I think, Sir, that a step like that will not take years to accomplish; it can be done in a few weeks. And if that could be done even now, then I say there is practically no difficulty in going ahead with the Bill for introduction into Parliament. Because, once we are able to settle the question of safeguards by frank and free discussion between His Majesty's Government and the leaders, privately if necessary—once that is done, every subject upon which delay and difficulty are alleged to exist is a matter which could well be taken up in due course and which could well be brought up later on in connection with the completion of the constitutional structure.

My Lord, in regard to Indian Reform and in regard to the Indian Constitution the usual practice in England has been, whenever reform Acts have been passed, not to burden the House of Commons with too many details as to the provisions that are necessary to put the constitution into operation. In the days of the old Indian Councils Act of 1892 it was the late Mr. Gladstone who said in the House of Commons that he thought that the duty of the House of Commons was to discuss and settle principles, and to leave the details to be worked out in India. That policy was adopted by Lord Morley when he passed the Indian Reform Act, and when the Regulations were framed later on in the course of twelve months. The same principle was followed in the Montagu-Chelmsford Reform Act. There are things which necessarily cannot be put into the Constitution. Some may be put in the schedules. There are things which can be brought up by Rules which can be placed before the House subsequently. These are details, the work of which can go on.

We have also, as Your Lordship may recollect, Dominion parallels. When the South African Act was passed there was a Commission appointed to settle financial relations. Boundary Commissions were appointed in other constitutions, and a Franchise Commission has also necessarily to be appointed. All these things will of course take time, but that ought not to delay the introduction of the Constitutional Statute into the House of Commons.

On the question of the minorities problem, My Lord, I do not want in any sense to minimise the humiliation and the regret that we all feel at not being able to settle it among ourselves. But on that matter again I would only call attention to the words which the Prime Minister used this morning when he said: " I am as

hopeful as I was at the beginning that by further work, by the exercise of goodwill, by the facing of the actual facts of the situation, and, above all, by the well-known pride of the Indian representatives, they will find a way out of this very difficult and troublesome situation." I am sure, My Lord, that the difficulties in that behalf will very soon be overcome.

The question as to the inclusion of the Princes is again one of the things that has been dealt with. I have always felt in regard to the Federal Constitution, as you yourself pointed out, Sir, in the Report of the Federal Structure Committee, it will not be possible to bring all the States into the Federation at once. The constitution, as every other constitution, must contain a clause which will enable the Federation to include States and territories as and when they want to come in and on such terms and conditions as may be agreed. That is the only way in which we can proceed. We must start the constitution straight away without waiting for everyone or even for a large number to come in before we start. My Lord, I trust that there will be no avoidable delay on the part of His Majesty's Government in going ahead with the work and assuring us that these safeguards will be satisfactorily agreed to and that Federation will be completed.

Sir Manubhai Mehta : My Lord Chancellor, I owe you an apology for being on my legs this evening. I remember your Lordship's admonition to us at the Federal Structure Committee that those who had been members of the Federal Structure Committee need not indulge in the privilege of again speaking before the Plenary Session in order to economise time and to give an opportunity to their brethren who had not had the pleasure of speaking before the Committee, a greater time to express their thoughts at the Plenary Session. I would remind Your Lordship, however, that I was only half a member of the Federal Structure Committee. I was a member only for the last month, and as I was only a half-time member I will only occupy half the time at this Meeting before we disperse.

I have another mission to discharge which accounts for my speaking. I have received a message from His Highness the Maharaja of Bikaner imploring and beseeching the Plenary Session to consider his proposal to enlarge the Upper Federal Chamber. As His Highness the Maharaja of Bikaner has been connected with the Federal Structure Committee almost from its inception, I am sure the members of the Conference would willingly pay some regard to his wishes. It was with that object, My Lord, that at the last Session of the Federal Structure Committee which met to consider the Third Report I ventured to suggest that the number of members of the Federal Upper Chamber should be increased. Instead of its being 200 I suggested that it might be enlarged to 300, and my suggestion received influential support from a section of British-Indians—from my friend the Right Honourable Mr. Sastri, Sir Tej Bahadur Sapru, Pandit Malaviya, Mr. Jayakar and even Mr. Joshi. I am fully aware that it had not unanimous

support beause I know my friend Sir Akbar Hydari from the very inception of the Conference has been for a smaller house and he therefore wanted the total number to be fixed at 100. On the other hand there were members who asked for 500 and for a Lower House of 700. I therefore chose the reasonable mean and merely suggested a figure of 300 which I am glad met with a large and enthusiastic support from my British-Indian friends. This afternoon I had also the privilege of getting direct knowledge of the wishes of some of the lesser or so-called small States. They do not want a large Chamber but would be satisfied with 200 members in the Upper Chamber.

I fully appreciate their apprehensions. Very likely they are not satisfied with the constitution of the Chamber of Princes. They are aware of certain invidious distinctions made and certain exclusions from the Chamber of Princes, and on that account they do not wish to see the principle adopted in the case of the Chamber of Princes applied to this Federal Chamber. I would assure them that we have no desire to exclude even the smaller States from participation in the Federal Chambers, and I would only request them to bear in mind that representation in the Federal Legislature is not confined merely to the Upper House. In cases of conflict of opinion we have provided for a joint session of both Houses, so that if the smaller States do not secure individual representation in the Upper House, but if they secure representation in the Lower House, their interests will be equally safeguarded; and representation in the Lower Chamber has been declared to go by population, so that in their case their population will of course be represented in the Lower Chamber.

In this connection I would request the Conference to bear in mind the necessity of distinguishing between the two principles of representation in the two Chambers. In the Upper Chamber it should be the Governments that are represented; in the Lower Chamber it is the population that will be represented. If I remember aright what was said by Sir Mirza Ismail, he put before the Committee a scheme of his own.

Chairman : A Federal Council, was not it?

Sir Manubhai Mehta : A Federal Council, in which the governments were to be represented.

Chairman : As in Switzerland.

Sir Manubhai Mehta : If it is to be the governments that are to be represented, I put it to your lordship that in the case of governments no distinction is made between larger States and smaller States. Look at the constitution of any other Federation. In the case of the United States Senate, whether it is New York or whether it is a small State like Florida, whether it is Illinois or whether it is Texas, whether it is Massachusetts, or whether it is Ohio, they are all equally represented in the Senate; each State sends six members to the Senate. The same principle of equality applies in the case of other Federations; it applies in Australia, in South Africa and in Canada. What I mean to say is that if

about 120 seats are found for States they would find individual representation in the Upper Chamber, and those which are left out will naturally find their representation in the Lower Chamber.

Sir Akbar Hydari : They would each get one seat?

Sir Manubhai Mehta : That is what I said; equality of representation is essential if governments are to be represented. That has all along been my contention, Sir, and I again venture to place it before this Conference.

Now, Sir, I should like to say a word about the future programme, because on that point the views of the Indian States have not been sufficiently placed before the Conference. We have heard certain disquieting rumours, and it would seem from three or four remarks made in the Conference to-day that there is a tendency to think of starting with Provincial autonomy, keeping Federation or responsibility at the Centre as a goal, a distant goal to be reached by stages—they may be rapid stages or they may be slow stages—and not as something to be immediately attempted.

To me, Sir, the word " Provincial autonomy " looks like a contradiction in terms. Provincial autonomy with centralised control has no meaning. As long as there is centralised control the Provinces cannot be autonomous, and if the Provinces are to be autonomous then the Centre ought to transfer more and more departments to the Provinces, more and more powers to the Provinces. There would practically be no Centre except the Federal Centre, so practically there will be about eleven independent States instead of Provinces, added to our 620 States. There will be less chance of any harmony between them, and the idea of Federation must then be deferred perhaps for ever, because, My Lord, the Indian States have their own difficulties, which will only be then intensified. In order to ascertain or to determine what their financial rights are and what their position as regards paramountcy is, three years ago His Majesty's Government appointed an Indian States Committee presided over by Sir Harcourt Butler. That Committee fully investigated the relations between the States and the paramount power, and came to the conclusion that financially the States were entitled to certain reparations or restoration. It was when the idea of federation came into view that the States agreed to waive their separate financial claims and to throw these financial contributions into the common federal pool. If federation is to be postponed, if the Provinces are to be made autonomous, the States would not agree to the finances being transferred to the Provinces or to take their decisions on questions of joint concern from the Provinces. As the Prime Minister put forward last year, the three essential and fundamental elements go together. Fundamentally, the three points were responsibility at the Centre, a Federal Government and safeguards. As the British Delegates held, there cannot be responsibility at the Centre unless there is federation at the Centre. Conversely there cannot be federation unless there is responsibility at the Centre. We are prepared to federate only if there is a responsible Centre, and

unless our financial rights were fully safeguarded we would not agree to any transfer of powers to the Provinces, and the Provinces cannot become autonomous without our agreeing to such transfer. This is the dilemma in which we are placed, and I appeal to the Statesmen of the Empire to find out a solution. The difficulty is not insoluble. Difficulties there are, but difficulties are always there to be overcome, and I do not despair; with the excellent galaxy of talent in the British Cabinet, I do not fear that such a difficulty will remain insoluble.

My Lord, it is said that the inability to solve the communal question is the main difficulty. In the case of Provincial autonomy, will not the communal difficulty also play the same part? I am thinking it will play a greater part. In Bengal and the Punjab, which are the two Provinces where the communal question is most difficult, how can they have any self-government unless this communal question is first solved? And if the communal question is solved, where is the difficulty of responsibility at the Centre?

Last time, Sir, at the meeting of the Federal Structure Committee my friends gave sufficient warning—the British Statesmen here—about the consequences of leaving this question in this unsettled state. Perhaps the British Statesmen are shying at the difficulties of providing a solution of this question for the communities which they themselves may not afterwards accept. But, Sir, there is no perfection in this world; no constitution is perfect under the sun. I believe in perfectibility, but not in perfection. There is always room for more and more advance. Even if you begin with a small commencement, there is always room for advance. I believe, Sir, in what is called spiral progress. Sometimes there is a decided advance; sometimes there is some recession; but even if we recede we go up to a higher plane. With each advance we go to a higher plane. That is characterised as spiral progress; and I appeal to you, Sir, to bear in mind that if there is perfectibility, there is no difficulty that is insoluble.

I will not indulge in any warnings or threats. I will only appeal to your self-interest, Sir. I will appeal to your enlightened self-interest. The British nation has been called a nation of shopkeepers, and as inheriting the Indian Empire from the factors and counting houses of the East India Company that epithet is well-earned; but there need be no opprobrium in that; the British Government or the British nation need not blush at being called shop-keepers. In my Sanskrit language there is a metaphor in which we praise under the guise of blame and we blame in the guise of praise. Here, then, when I call you a nation of shopkeepers it is really that I appeal to your wisdom; I appeal to your prudence; I appeal to your enlightened self-interest.

Consider the economic consequences of leaving India to all the discontent that is sure to brew there. It was your great national patriot, Edmund Burke, who called the present age in England an age of economists, sophists, and calculators. You are calculators;

you are economists; perhaps you are sophists. Therefore I appeal to you because the same great statesman and patriot, Edmund Burke, prided himself that the British Nation was the palladium of liberty; it was the great defender of equality, liberty, and the equal rights of all nations. The British Nation has fought for the defence of lesser nations. It is in the interests of suffering and stricken India that I appeal to you to defend her status.

India has often been described as the brightest jewel in His Majesty's diadem. Let not that jewel be dimmed or tarnished by the sighs of anguish and the tears of affliction that would flow if India is left to stew in her own juice. I appeal to Your Lordship and to the whole British nation. May God give you the strength to decide this question to the greatest good of the three hundred and fifty millions entrusted to your care.

(The Conference adjourned at 7-35 p.m.)

Mr. Jayakar : Mr. Prime Minister, the critical hour in the deliberations of this Conference is fast approaching, and twenty-four hours from now we shall know what is the issue of this great experiment that we have been making for nearly a year. Sir, when the announcement was made about the holding of this Round Table Conference, many thoughtful men in India felt that it was a great experiment—great in the sense that it was perhaps the first time in the history of the world that a proud race was told to achieve its freedom by means of negotiation, goodwill and persuasion. The Conference was an announcement to the world, as many people in India thought, that the old world of ideas had disappeared in favour of the new, and that what used to be achieved in former times by force of arms and revolution, was going to be achieved in the new world by persuasion and negotiation.

In this unfortunate country of yours where vision and imagination are often blurred by fogs, it will not be perhaps so easy to realise the internal significance of the Round Table Conference; but I am not exaggerating, Sir, when I say that many men of thoughtful mind in India thought that it would be a great achievement if the Round Table Conference would yield results towards the freedom of India. As we sat from day to day discussing in the Federal Structure Committee, I as a humble member thereof have often wondered what this great experiment was going to lead to. We are now within twenty-four hours of this great achievement, Sir, if it leads to success, you will have made good your claim not only to the esteem of India and will be able to say that even a brown people could achieve their freedom by persuasion, by negotiation. You will have clearly proved to the world that what used to be achieved in former times by mutual fear has been achieved in these days by mutual goodwill and by mutual regard. That, Sir, is the great significance of this Conference.

You can therefore imagine with what great expectation your announcement to-morrow, Sir, will be awaited in India by the three hundred and fifty millions. Some of them have scoffed at this attempt; some have been openly sceptical; some have been its great critics; but they will all be agreed that if it leads to success it will be a great achievement indeed.

Sir, we have laboured for nearly a year. I am very glad to say that the foundations laid during the last year have been found by subsequent enquiry to be truly and well laid. This year, as the Lord Chancellor will vouch that as we have gone into details many of us have been impressed with the foundations laid last year. The wisdom of those foundations has been made more and more clear to us as we have gone into details. Those foundations were, Sir, speaking generally, federation, Central responsibility, and safeguards. Perhaps the greatest tribute to the wisdom of that scheme was paid when the Irwin-Gandhi Pact was entered into, in one

clause of which Mr. Gandhi—no doubt a severe critic of our affairs last year—accepted the three pillars upon which he said he would build if he visited this country, as he eventually did. No greater tribute, Sir, could be paid to the wisdom of that scheme than the fact that it found a very eminent place in the scheme of settlement which took place between Mahatma Gandhi and Lord Irwin. This year we have gone into many details, Sir. I do not wish to take up the time of the Conference in going into them. As I said before, the more we have gone into these details the more have we been convinced that the scheme as outlined in last year's Conference was an exceedingly sound scheme.

We have made further progress this year. For instance, speaking of the Princes, we have taken one great stride, that there has been a universal desire on the part of British India and the Indian Princes to consider the claims of the smaller States. This year we have had time and leisure and also the inclination to consider the Federation scheme from the point of view of the smaller States. Both on the side of the British Indians and the States willingness has been shown to make the Federation complete by conceding the just demands of the smaller States. The smaller States last year were left very much dissatisfied, and perhaps in consequence of it they gave in a measure strength to what was called the Patiala-Dholpur scheme. I do not regard that scheme as a rival of Federation at all. I am full of hope, as was expressed in the speech of Sirdar Jarmani Dass, whom I wish to congratulate on his maiden effort before the Conference—a wise and helpful speech—wherein he suggested certain lines of compromise between the Patiala-Dholpur scheme and the scheme of Federation as outlined last year. I see, Sir, no conflict between the two, and I am sure that when we go into details, some means will be found of reconciling what seems to be in conflict but is not really so. I am full of hope that the good elements of that scheme will be combined with the good elements of Federation, and I have no doubt that when they are worked out it will be seen that the seeming conflict between the two can be reconciled.

Coming to British India, we have made progress. I am sure the esteemed Chairman of the Federal Structure Committee will agree with me when I say that we were all surprised at the amount of agreement achieved in the Federal Structure Committee. Of course there were differences, as there must always be when so many intelligent men meet together and discuss, but I am sure I am voicing the sentiments of the large bulk of the Federal Structure Committee when I say that the amount of agreement achieved is not inconsiderable and affords a good basis upon which future work can proceed.

Take only two or three subjects, Sir, I have not time to go into all. Take for instance, that most fruitful source of difficulty, namely, commercial discrimination. I am proud to say that the formula evolved last year, by which I stand, was a very wise formula indeed—wise in more senses than one, wise mainly in the fact that

it was elastic. Its great virtue lay in the fact that it was not rigid, but was capable of widening out as occasion arose. Our critics called it vague. Our critics in India thought it was a surrender. That was no doubt a criticism made by those who were ignorant of its elasticity, or were of opinion that no good could come out of deliberations to which the Congress was not a party. Our present Report only emphasises that formula, if I may say so. Unanimity was expressed that for matters of purely racial discrimination there should be no scope in the future Government of India. Everybody agreed, Mr. Prime Minister, whatever their other differences, that there should be no discrimination in commercial matters on the ground of race, nationality, or religion. The differences arose when we came to details, and even there, I am very glad to state that on four or five points which were made there was agreement. That key industries should be specially treated is now accepted. That infant industries we should have the opportunity to protect is now agreed. That unfair competition should be stopped by regulation is agreed. That Indians can claim a larger share in those interests which now are vested in the hands of one group is now agreed. That a convention should be established in future appropriate to the occasion when India is free and gathers experience—that experience we have not now, but we claim we shall have it in course of time—is now agreed. I say that on these four or five points there is complete unanimity.

Unfortunately, the Report was very hastily accepted, if I may say so, My Lord Chancellor, but that was nobody's fault. We were running against time. Consequently a few things have crept in which may require revision. Sir Cowasji Jehangir referred to one, namely, administrative discrimination. These will have to be revised, but I am confident that our Report contains a basis on which we can work in future.

Coming to financial safeguards, equally was I surprised at the unanimity. I was privileged to have private talks with representatives of European commerce, along with a few other friends, and day after day as I listened to their conversation I was surprised at the points of agreement. Of course when you are dealing with such large interests as British commercial interests in India, you find it a very thorny question. It is obvious that there are many facets of that question which require to be carefully examined. What, however, surprises me is the amount of agreement and not the amount of difference. The good sense with which European merchants advocated their case showed that they realised what minorities rarely realise, that points have to be won by goodwill and not by obstruction or opposition.

My friend Sir Tej Bahadur Sapru has made a suggestion which I am sure is full of possibilities for the future, namely, the suggestion of a Financial Council. He has thought out a scheme and we have made progress with it. He offers a solution which I am sure is pregnant with possibilities. I am very glad to find that

European and Indian members representing commercial interests saw the advisability of accepting that scheme in general outline.

There is a slight difference at the moment, but I am not without hope that the contending views will be reconciled. The Financial Advisory Council, as proposed by Sir Tej Bahadur Sapru, is to last only until the Reserve Bank is established, and it is to be confined to matters of exchange and currency. Mr. Benthall, however, wants it to be continued beyond the time when the Reserve Bank is established, and he wants it to be operative in all financial matters. That is a point of difference, but I am not without hope that it will eventually be reconciled.

The third point that I wish to refer to was at one time the subject of a conflict which it seemed difficult to adjust. I refer to defence. The two sides have now come nearer. I am one of those who believe that in making experiments of this novel and colossal character the one thing necessary is the frame of mind which centres itself on broad agreement and not on differences; and from that point of view I am surprised how near the view-point of the Congress comes to the provision that was accepted by us last year. Mr. Gandhi, who has placed the Congress point of view before us with frankness, says he wants defence to be a transferred subject, but he agrees that large powers may be left in the hands of the Viceroy during the transitional period by way of overriding the ordinary working of the constitution. Our scheme last year was that it should be made a Crown subject, but that large powers should be given to the Legislature in matters which are not directly concerned with the safety and tranquillity of India. Therefore, if you analyse how near these two positions come, Mr. Gandhi agreeing to give large and overriding powers to the Viceroy, and ourselves agreeing that there should be large powers in the hands of the Legislature, I feel confident that at no distant date in the future a formula will be devised which will satisfy both. We must work in a spirit of compromise, and we should be grateful to the Lord Chancellor for drawing attention to paragraph 8 of the Report, as embodying the spirit in which we worked, and in which we shall have to work in future, *viz.*, the spirit of finding a mean between two opposite views. I have no doubt that if we work in that way the seeming conflict even in regard to defence will soon be reconciled.

We thus find that we have a great deal of agreement on important questions. We were warned last year that when we came to deal with details our scheme would be found very unsatisfactory and faulty. My experience—and I am sure it is the experience of many of my colleagues—is that the consideration of the details has confirmed our belief more and more, that our scheme stood the test of details.

Now, Sir, I come to the last and perhaps the most important part of my speech. The scheme is there before you, Sir, and it is a scheme which has three pillars: federation, Central responsibility, and safeguards. The scheme has now been accepted in India as a basis of future work by the greatest political organisation, the

Congress. The question now is, Mr. Prime Minister, will your Government accept this scheme or will they reject it, or—what is perhaps a greater danger than rejection—will they mutilate the scheme? I wish to be quite frank, because we are on the eve of an eventful day, and I should be guilty of not performing my duty if I did not truly express what I think of the importance of your declaration to-morrow.

Will this scheme be accepted as a whole? About rejection I have no fear, because it restores all parties to the *status quo ante*. Each party goes its own way. If it is wholly accepted, well and good. I frankly say, however, that what I am afraid of is, that for parliamentary exigencies, the scheme may be mutilated in the sense that we may be offered the trunk, or the head or the feet. Sir, that would be a great mistake. We want the scheme to be offered to India as a whole. We know that there are many details of the scheme which have to be worked out; patient investigation and enquiries have to be carried out; but that will be no reason for mutilating the scheme in the sense of offering to India something which is only a part of the scheme.

The scheme, Sir, is one, united, inter-linked. There cannot be Central responsibility without Federation. There cannot be Federation without Central responsibility; and both have to be worked out in the terms of proper safeguards in the interests of India. May I ask attention to that excellent speech that Sir Manubhai Mehta made towards the end of the day before yesterday. It brings out the way in which these three are intertwined. You cannot take one part out of it and say: we offer India so much as a first instalment of experiment. Sir, in my opinion, that would be a great mistake.

When I was talking to a public man of your country, he said to me: " Oh, but you realise a house cannot be built without storeys; that the first storey has to be built, then the second storey, the third storey and the fourth one. Therefore, you must allow us to build the constitution storey by storey." I warned this public man and said: " It is a dangerous analogy for you to adopt, because if you adopt it you are up against many sound arguments. When you adopt the analogy of a house and an architect, may I point out that an architect presents the whole scheme to the employer before the construction is begun. He tells him what the whole scheme is. If the architect said to the employer: " Your first storey is complete; go and live in it. I will construct the second storey while you occupy the lower one," he would be a bad architect indeed. I would not go into the house until the whole house was complete. I certainly realise that a good architect builds storey by storey; but no sound architect asks me to go and occupy the first storey, with operatives working over my head. And, may I say further, that a good architect does not allow five or six years to elapse after the first storey is complete. We, Sir, live in a land where, in some parts, we have three hundred inches of rain every year, and not the miserable twenty-five you have in your country. If you build the

first storey and allow three hundred inches of rain a year for six years to drench it, your first storey will disappear in the course of the six years, the foundations will be washed away, the bricks will collapse, everything will be gone, and when you come to build the second floor you will find the first has disappeared and the rain has washed out even the foundations.

Therefore, Sir, this is a dangerous analogy. We are quite prepared to make allowance for the exigencies of your Parliament. India has waited for a hundred and fifty years; it can wait for a year or two more if you make your intentions perfectly clear. If you bring out your whole scheme in general outline, removing the difficulties step by step, surely India has enough patience if you make your intentions clear and do not take an unnecessarily long time over completion. We know that parliamentary drafting requires time. Enquiries have to be made. Many questions have yet to be settled. We are prepared to give you enough time for the *bonâ fide* prosecution of these enquiries and the working out of these details, but we have no time to wait in order that you may try political experiments. Remember, Sir, in your country as in mine, Federation has many enemies; it has enemies in many quarters; it has enemies amongst those who do not wish to give Central responsibility to India; it has enemies amongst those who wish to preserve all the outworn parts of the ancient machinery; the Secretary of State, and may I say, with great respect to Sir Samuel Hoare, the India Office, they want to keep intact all the machinery which has interfered with the progress of India. It has likewise enemies amongst those who do not wish to see stability and ballast introduced into the Central Legislature in order that they may make it the plaything of party politics and popular freaks. And, lastly, may I say, it has enemies amongst communal zealots, who measure the progress of India in proportion to the voting strength of their particular community. All these enemies are against Federation and it is therefore dangerous to leave it to be worked out in the future.

Mr. Prime Minister, it is as much your child as the child of the Federal Structure Committee. It has to grow into adolescence; it requires time to be nourished. By all means have that time, provided it is spent in nourishing it, for making it more strong, and not for the purpose of destroying the possibilities of its birth or growth. We are often asked: why are we so much harping on Federation? I am pledged to Federation because that it the only way of making more easy the transfer of power at the Centre, and I shall be quite frank, there is a section in your country—and Lord Reading voiced the sentiments of that section—a party of caution which wants responsibility to be given only when there is a possibility of that responsibility being worked out with stability. We want to make the transfer of the power at the Centre more easy. Likewise we do not wish to leave the Princes behind us. India can progress best when it goes on together. To leave the Princes behind, from our point of view, is a great danger, Sir. If you leave the Princes behind, you cannot have reform all

round. You will have to keep intact all those centres of control outside India against which we complain. I do not wish to mention details, but all those irritating centres of power and control outside India which belong to the ancient system; you cannot wipe out unless you have Federation and the Princes come along. I am told there cannot be any Federation between autocracy and democracy, that it will be a conflict. I am not afraid of that conflict, because I have such infinite faith in the working of the progresses of democracy that I feel confident that autocracy cannot withstand them for a long time.

These are some of the reasons for which we have set our heart on Federation. Please do not make the mistake of leaving Federation aside for the moment and offering to India something different from Federation. We have made up our minds to go together, the Princes and the people of India, and after listening to the excellent speech made by His Highness the Nawab of Bhopal yesterday what doubt can there be, Sir, that the Princes are in earnest about Federation? In certain communal quarters a few days ago, this Federation, Sir, was described as a mirage. I went home and looked up your best dictionary—and I found that the word had two meanings. One meaning is illusion, a kind of "mâyâ," as we call it in the philosophy of my country. Another meaning is a distant and difficult goal. If it means the latter, I have no quarrel with the word. If, however, it means an illusion I say that we are in very good company in hugging this illusion to our hearts. The Lord Chancellor said only the other day that Federation is not only possible but probable. In your speech last year, Sir, you dwelt on the idea of federation. It was likewise accepted as a basis in the Irwin-Gandhi Pact. Are all these eminent men deluded fools—hugging something to their hearts which is a delusion, and not a reality? If so all I can say to those critics who call it a mirage is that we are in very good company. I have therefore to submit that any scheme which makes distant the time of federation will be an unsatisfactory scheme. We know that Federation wants time and we are prepared to give you reasonable time, provided only that you show that you are going on with your work and not merely taking time in order to put it off.

I submit, Sir, that these few suggestions which I have ventured to make in the course of my speech may be taken into consideration. I thought it was my duty to speak quite frankly from my point of view. I think this is a very great opportunity for your country. The question is whether you will take hold of it. Everything depends upon the way you make your choice. We can only watch you make the choice. The privilege of making it is yours. I do not wish to utter any threat—I see no occasion for it—but, if I may say so in all humility, a great deal depends upon to-morrow which is the most eventful day in the history of this Conference. Young and old in India are watching on the tiptoe of expectation to see what is going to be the issue of this Conference. Is it going to be success or is it going to be failure, failure in the sense in

which I have spoken? I do hope that Providence will enable you to decide that it will be success.

Lord Reading : Mr. Prime Minister, I have had opportunities of expressing my views on the subjects which are now before the Plenary Conference during the sittings of the Federal Structure Committee and I do not propose, therefore, to enter into any detailed reference to those subjects. I am, however, desirous at this final stage of this sitting of the Conference to take into review the happenings of the Conference at various stages through which we have passed, the position in which it now stands and most important of all, the final stage to-morrow when you, Mr. Prime Minister, will deliver the concluding address. I would just remind the members of the Conference that when we first met considerable anxiety prevailed lest the discussions should prove futile and there should be a breakdown of the Conference. When we separated at the beginning of this year, after the declaration you made, Mr. Prime Minister, there was a distinctly favourable change in the minds and hearts of our Indian friends.

They left for their homes encouraged and hopeful, with some of the distrust and suspicion which had existed removed, if it had not been for the time being completely dissipated. They returned to India determined, so far as they could, to take their message throughout India, and in that way again to cause a change in the political conditions of India.

When the Conference was resumed, and particularly when the sittings of the Federal Structure Committee began this autumn, we had present with us Mr. Gandhi and others who had not hitherto taken part in the deliberations, who had stood outside in a totally different position, but who now joined in the discussions in the Federal Structure Committee; and it cannot be doubted that their presence here has added influence and authority to the proceedings of the Committee and of this Conference.

It must be remembered that during these proceedings especially we have discussed many and varied problems with frankness, and we have expressed our opinions with candour. Sometimes there have been moments of apprehension; sometimes things have been said that have not been pleasant to the ears of some who were attending here either on the one side or on the other; but the patience and the courtesy of all who have taken part in this Conference have managed to overcome all those difficulties, and in the end the method of this Conference, with its full discussion, its free and outspoken opinions, its friendly contacts between all the members, has been in my judgment, Prime Minister, completely vindicated. Whatever critics—and there are many—may have to say, in my view the method of conference has triumphed, and in my hope the method of conference will continue.

Prime Minister, I only desire to say, and very briefly, a few words in relation to the big subjects that we have discussed. We are at the final stage, and I can well imagine the anxiety of all, and perhaps especially of our Indian friends, to hear the message

that you, on behalf of His Majesty's Government, will express to us, to be able to form some opinion of how the British Parliament will respond, and to have a conception of the procedure that is to be adopted in the future and a vision of that which they are all anxiously awaiting.

Well, I am not disposed myself to discuss any of the big questions. I will make my observations in very few sentences. It is unnecessary for me to expatiate upon the policy that I would adopt. I expressed my views at some length in January of this year. I stand to-day where I did then. I see no reason to change those views, although I am quite prepared to vary methods in the directions in which it may be desirable. But the broad policy stands; in my view the policy for India which really must warm the hearts of all Indians as well as of the British who love India, is this great policy of Federation, of an all-India—of 350,000,000 people at present. Who shall say, under a prosperous all-India, what its population and power eventually will be, an all-India composed of the Princes of India, who have taken so notable a part in our gatherings at this Conference; which brings into close relations British India, the ruling States of India, the governing powers of British India, all into one close connection by which they can together unite in working out the destinies of the India of the future?

Prime Minister, I made my observations then in favour of a Federal Government of this character with an executive responsible to a Federal Legislature, subject to certain safeguards and conditions; and there I stand to-day. Prime Minister, in my view nothing that has happened, nothing that we have heard, has in any way served to weaken the conviction that I had formed in January, not hastily, not by any means without due thought and deliberation, not without having felt the influence of this Conference and of contact with my Indian friends. I expressed it then as the view which, as we thought, must be made effective for the future, for the benefit of India in order that India might progress and in order that we might meet the wishes of India.

I have myself the strongest belief in the connection of Britain with India. I do not hesitate to say, although it may not commend itself to all of you, that the connection of Britain with India has in many respects been to the benefit of India, just as I will undoubtedly admit or assert that the ties between India and Britain have been to the benefit also of Britain.

Where we stand now is that we are considering, as a result of much discussion, what actually is to be the plan to be put forward. I am not going to discuss that; that is, after all, now, Prime Minister, for you and His Majesty's Government, to be brought again before the British Parliament. I will make this observation upon it: I believe that the true policy between Britain and India is that we should in this country strive all we can to give effect to the views of India whilst preserving at the same time our own position, which we must not and which we cannot abandon. There

are obligations that we have incurred, and burdens which we have had to bear in the past of the trust which has been reposed in us. We must carry out those obligations whatever happens. But having said that, I will do everything I can consistently with it to give effect to the views of Indians who wish to take part in their own government.

Now, Prime Minister, there is little more that I want to say, save that I would ask you to bear in mind all of you, that we can never hope at this Conference, however long we may sit, to arrive at agreement on all points. It is very rare indeed that that takes place in any conference, either between men of business or between Governments, but what we can reach—what I hope we shall reach—is sufficient agreement to enable India to accept the proposals that will be put forward eventually before the British Parliament by His Majesty's Government.

Now, Prime Minister, with that view, may I say that we may hope, as a result, that this final solution of our problems will be such that it will command its acceptance both of the British Parliament and of India? For myself, I will say that this hope is strong within me. I am encouraged by all our discussions in the belief that the final outcome of our proceedings will be a great step forward in the progressive march of India to her ultimate destiny.

I am, I think, as I look around, the one most advanced in years in this gathering. I have no political ambitions of my own. I have no personal desire to reach any position in the future. I have a desire, an overwhelming desire, an all-pervading ambition to serve my country and the Empire. I have been fortunate enough in my life to hold the great office of Viceroy of India, to know all that that means, to understand by contact the views, the aims, the aspirations of our Indian friends because I came in close contact with them. It is the office which, Mr. Prime Minister, next to yours I cannot but think is the greatest in the Empire. Whatever my merits or demerits may have been I brought away with me many ties of friendship with Indians with whom I became acquainted during my stay there. Above all, I carried with me and still carry within me warm affection for India and a profound interest in her future. I most profoundly wish, indeed I devoutly pray, that I may live to see the Federation of all India in active being, that this Federated India may be prosperous and happy in its future, and that above all as it progresses forward towards its ultimate constitutional destiny it will always desire to continue a willing partner in the British Empire.

Diwan Bahadur Ramachandra Rao: Mr. Prime Minister, the observations I would like to make on this occasion must in the nature of things be very brief. Like some other Delegates who were not members of the Federal Structure Committee I have many observations to make on some of the controversial questions relating to all-India Federation. I have a good deal to say on many of the topics which were discussed and many others which remain for discussion. It seems to me, however, Mr. Prime

Minister, that in view of the statement recently made in the Federal Structure Committee that some machinery is to be devised for continuing the work of this Conference it becomes unnecessary to go into detailed criticism of the whole scheme as outlined in the Report.

I am, as all of us are, in general agreement with the scheme for an all-India Federation sketched in the Report. There are, however, one or two matters of fundamental importance which cannot be passed over at this stage relating to the Federal constitution sketched in the Report. The position of the people of the Indian States in the scheme for an all-India Federation embodied in the Report is not satisfactory. The members of the Conference will remember that I raised this question last year at the Plenary Session, and I had some hope that, in view of the strong and insistent public criticism in India that has been levied against the Federal Constitution since January last by the people of the Indian States, as also in British India, the present Report of the Federal Structure Committee would show an improvement when the scheme came again under a detailed examination. I am, however, profoundly disappointed that the viewpoint of the people of the Indian States has not received adequate consideration at the hands of the members of the Federal Structure Committee.

In paragraph 27 of the Third Report of the Federal Structure Committee the Committee express the opinion that the question of the method of selection of the States' representatives in the Lower Chamber must be left to the decision of the States, but they say also that it cannot be contended that it is of no concern to the Federation as a whole. Certain individual members of the States' Delegation have given assurances to the Committee that in those States where representative institutions exist and the members are in a position to express their views, arrangements will be made which will give those bodies a voice in the selection. This position is not satisfactory.

The people of the States have not been heard. They have not been accorded any representation at this Conference, and this persistent refusal to hear the views of the people of the States, apart from their Rulers, does not absolve this Conference from the duty of scrutinising proposals for the new constitution of India as a whole from the point of view of the peoples of all the federating units. It is from this point of view that every minority in India, however small, and every interest in British India, has been invited to this Conference, and has assisted the Conference in examining the proposals placed before it from their own standpoint, and it would have been fitting if this course had been adopted also in the case of the seventy million people of the Indian States.

In a note circulated last year on this subject, and also in another note circulated a few days ago, I have drawn the attention of the members to the fundamental importance of protecting the rights and liberties of the people of the Indian States, and I have laid stress on the fact that this is necessary not only in the interests of the States themselves but also for the satisfactory working of the

Federal constitution. I venture to think that the Indian Princes and the other members of the Indian States' Delegation have a unique opportunity afforded to them of uplifting the vast mass of the people of the Indian States from a condition of political submersion to the full status of imperial citizenship. It cannot be a matter of satisfaction to those who are responsible for the organization of this Conference or for members of the Conference, that while the political aspirations of their fellow-citizens in British India are being realised, the people of the States should be prevented from aspiring to the standards of free and many-sided citizenship made accessible to their brethren in their neighbourhood. I think, therefore, that it is absolutely essential for the success of the future Federation that the co-operation and goodwill of the people of the Indian States in the working of the new constitution should be secured. Their Highnesses, the Rulers of the Indian States, and their Ministers have been some of the strongest advocates at this Conference for enlarging the political freedom of India. Some of them have been members of several international gatherings and are cognisant of the reactions of political thought and action throughout the world. I appeal to them, therefore, to make all reasonable concessions to the legitimate political aspirations of their own people. This would, I venture to say, be an act of the highest statesmanship on their part. The present scheme of representation should provide for the representation of the people of the States by a system of direct election in one of the chambers of the Federal Legislature. This will, in my opinion, strengthen the position of the States in the Federal Legislature rather than weaken it. Federal citizenship should also be conferred on the people of the States and embodied in the constitution, and deportation of the people of the States from British India under the Foreigners' Act and *vice versâ* should cease. We have heard a great deal about the necessity of enacting in the constitution fundamental rights for the protection of the minorities. Many proposals were put forward in the Federal Structure Committee and also in the Minorities Committee towards this end, and there is a general consensus of opinion at this Conference that certain fundamental rights should be embodied in the constitution. The question requires further examination. Their Highnesses the present Chancellor of the Chamber of Princes and the Maharajas of Bikaner and Kashmir stated at the last Conference that these rights have been already conceded and proclaimed in their States. If that is so, there cannot be any objection to the extension of these constitutional guarantees to the people of the States, and I sincerely hope and trust that when the legislation is undertaken this matter will not be forgotten.

A natural corollary to the grant of fundamental rights to the people of the States is that when there is a violation of these rights, the Federal Supreme Court should be enabled to afford relief to the people of the Indian States. The right of *Habeas Corpus* does not exist in many of the States. I presume that it was the intention of the members of the Federal Structure Committee to extend judicial protection to the people of the States, and that the Supreme

Federal Court should be the final judicial authority in all these matters.

Let us all hope that Their Highnesses will take note of the wishes and aspirations of their own people as expressed in numerous Conferences held throughout the States, since the scheme for a Federation has been formulated. It is a matter of satisfaction that the movement for constitutional government in the States has taken shape and is now the accepted goal of the people of the States. All future developments in the States will, I venture to state most respectfully, at this Conference depend on the wisdom and foresight with which the rulers of the Indian States and their Ministers will shape this movement for their own benefit and for the welfare of their people. It is a matter for the utmost satisfaction to me and I presume for many other members of this Conference to note the sentiments of Mr. Jarmani Dass, who spoke on behalf of His Highness the Maharaja of Kapurthala about the need for constitutional government for the States. I beg to urge that the principle of responsibility of the administration of an Indian State to the people and to their representatives in a popular Legislature should be clearly recognised consistently with the continuance of the monarchical order. The representatives of the States sitting at this table have made it quite clear that they can only enter an all-India Federation on the understanding that the Federal Government will be responsible to a Federal Legislature, subject to transitory safeguards. I am referring to the speeches of His Highness the Chancellor of the Chamber of Princes and Sir Manubhai Mehta on Saturday last. The advocacy of self-governing institutions for India as a whole and the continuance of autocratic rule in the States cannot by any means be reconciled. I venture, therefore, most respectfully to submit that constitutional government is the best means for securing the permanence of their thrones, the loyalty of their people, and the unhampered progress of their States, and is the best step which Their Highnesses can take for the successful working of an all-India Federation which we and they so ardently desire.

Another matter which has a bearing on the future Federation, and which has not as yet been discussed either here or in any of the Committees, is the territorial redistribution of the Provinces. So long as India has a unitary constitution the final decision in regard to the redistribution of Provinces and the creation of new Provinces in British India is left properly to the Governor General in Council, acting under the directions of the Secretary of State in Council. What would be the position in respect of this matter when a Federal Government and a Federal Legislature come into existence?

It is true that, in making a start with the Federal constitution, we can only proceed on the basis that the boundaries of the British Provinces are what they are at present, but it has to be fully borne in mind that the demand for a redistribution of areas and readjustment of boundaries of the Provinces in India is a very real one, and is likely to arise for solution almost immediately after the new

constitution is set up. Many administrators in India have felt in the past that the existing Provincial boundaries " embrace areas and peoples of no natural affinity and sometimes separate those who might be more naturally united." With the exception of Burma, no Province represents a natural unit; that is to say, that the Provinces do not stand for differences of race, language or geographical distribution. They are purely administrative divisions of territory. Apart from the opinions of administrators, popular sentiment in recent years is in favour of such redistribution. The authors of the Nehru Report discussed the whole subject of linguistic Provinces in considerable detail, and important political organisations in India have passed resolutions favouring the redistribution of Provinces on linguistic lines. The series of memoranda presented to the Indian Statutory Commission by the Government of India contain the history of the agitation for an Oriya Province, an Andhra Province, and a Karnataka Province. The Simon Commission referred to this matter at some length and expressed the opinion that " as the time is coming when each Province will have its own Provincial Government and its Provincial resources it is extremely important that the adjustment of Provincial boundaries and the creation of proper Provincial areas should take place before the new process has gone too far. Once the mould has set, any maladministration will be still more difficult to correct." They therefore recommended the constitution of a Boundaries Commission and regarded the appointment of such a Commission as a matter of urgent importance.

Some proposals for redistribution of provincial areas were brought forward at the First Session of this Conference. The Raja of Parlakimedi advocated the constitution of an Oriya Province, and the constitution of the Orissa and contiguous Oriya-speaking tracts into a separate province is now under examination. The separation of Sind was agreed to in principle. During the present Session memoranda urging the formation of an Andhra Province have been circulated by the Raja of Bobbili and Mr. Giri. I am in entire agreement with the request for the constitution of an Andhra Province without delay. Mr. B. Shiva Rao has urged in another memorandum the formation of a Karnataka Province. Khan Bahadur Hafiz Hidayat Husain has urged the separation of Agra from Oudh.

In these circumstances there can be no doubt whatever that the question of redistribution of Provincial areas will become a matter of great importance with which the Federal Government and the Federal Legislature under the new constitution will have to deal. I think, therefore, the legal and constitutional position in regard to this matter will have to be examined carefully, and the necessary provisions have to be enacted. The existing British Provinces will, on the establishment of the new constitution become units in an All-India Federation, and the question as to the method and manner in which any of the Federating Units of British India should be redistributed and as to how new Provinces should be

created and admitted into the Federation requires very careful consideration.

In the list of Central subjects appended to the Second Report of the Federal Structure sub-Committee, it is stated that "Territorial changes, other than inter-provincial, and declaration of laws in connection therewith," should be classified as a Central subject. I will invite the attention of the members to the remark opposite this item, that "it (territorial changes) has already been decided to be a matter to be dealt with under amendments to the constitution." If territorial changes involving the redistribution of British-Indian Provinces can only be effected by a process of amending the constitution, this method is likely to cause inordinate delays and would make it too difficult to have essential territorial changes in the boundaries of Provinces which have been urged for many years. I feel, therefore, strongly that a more flexible method should be devised without the violation of constitutional proprieties.

Finally, I should like to say a word on the subject of defence. I regret to say that many important and complicated questions relating to the problem of the Indian Army have not been discussed at this Conference. The constitutional aspect of the question has received some attention in the Federal Structure Committee, but there are many other questions relating to the organisation, composition and control of the Indian Army, which have formed the subject of active discussion in India for several years. I have referred to some aspects of the problem in a separate memorandum which has been circulated to-day to the members of this Conference, and which may be taken as supplementary to what I am saying now. But on this occasion I shall make a very brief reference to the subject. We have had hitherto a feeling—those of us who are taking part in the political life of India—that, as far as India is concerned, British statesmen, whatever be the political party to which they belong, have a habit of conceding the principle in platitudinous declarations but negativing the same in practice. The India Act of 1833 contained a statutory pledge that His Majesty's Indian subjects were eligible for employment in the public services of the country, irrespective of creed, class, or colour. The history of the Indianisation of the Civil Services all these years is a fitting example of the method in which this pledge was broken in practice. Various devices were adopted to perpetuate the dominance of the British Bureaucracy in the country and the concentration of all controlling power in the administration in their hands. Though it is nearly one hundred years since this declaration was made, the governing service in the country, *i.e.*, the Indian Civil Service, is still predominantly a British service at the present day, notwithstanding the appointment of Royal Commissions every twenty years. The exclusion of Indians from the commissioned ranks of the Indian Army till very recently is one of the most galling disabilities imposed upon Indians, and the history of its removal reveals the same tale of obstruction and opposition as has been adopted in the case of the Civil services. This matter has been under consideration

for several generations, and when His Majesty the King-Emperor came to India in 1911 for the Coronation Durbar, the Government were searching for boons which might be given to the Indian army to commemorate the occasion, and it was suggested that Indians might be admitted to the King's Commissions. But the mass of military opinion at that time was against the proposal and no announcement was made. His Excellency the Viceroy publicly stated in 1917 that the discussions of the question of commissions to Indians dated back to pre-historic times, that it has been the subject of discussion by government after government, and that years slipped by and nothing was done. He also announced that, as a beginning, nine commissions had been conferred on military officers who distinguished themselves in the war. The next step was the announcement in 1919 of the grant of ten commissions to Indians per annum. This was considered by the British military classes a very revolutionary step. It was said at the time that "It is a change which, once begun, must extend and, because it must have the inevitable result of placing eventually British officers under the command of Indians, is not one to be lightly undertaken." This is still, I feel, the predominating feeling of the military services and every proposal that has since been made is looked at from this angle of vision.

If India is to attain a status similar to the Dominion status of Canada, Australia or South Africa, in a reasonable period of time, and if the statesmen of Great Britain intend to carry out the intentions of the declaration by the Prime Minister made in January last and without any evasion or equivocation, they must make up their minds on this fundamental question of the self-defence of India. It will not do to play with the problem. The rejection of the very modest proposals of the Indian Sandhurst Committee clearly showed that those in authority do not wish to face the facts, and the Report of the Indian Military College Committee presided over by the present Commander-in-Chief has not made any improvement in the situation.

I have no doubt that Dr. Moonje, who was one of the members of the Committee, will refer to this matter. I would invite the attention of the Conference to the able and exhaustive minute of dissent of Sir P. S. Sivaswamy Aiyer and General Rajwade, and the series of problems referred to therein relating to the Army that are awaiting solution. A new orientation of military policy and a different organisation of the Indian Army is absolutely necessary, in view of the new political status that is now in sight, and the whole question of the pace of Indianisation should be re-examined by another committee. I would in conclusion, associate myself fully with all that has been stated in the Federal Structure Committee and at this Conference about the need for a simultaneous introduction of responsibility, both at the Centre and in the Provinces. Any other course will be disastrous and I beg to express the hope that the statement which you will make to-morrow may be such as to make it generally acceptable to India, and that our expectations will be realised.

Sir Phiroze Sethna: To-morrow, the Second Session of the Indian Round Table Conference will come to a close. All honour to Lord Irwin, and to those who, like Mr. Wedgwood Benn, conceived with him the brilliant idea of holding a Round Table Conference in London and inviting thereto representatives from British India, and also from the Indian States to sit at the same table, with representatives of the different political parties in this counrty, with a view to discussing the Indian problem and arriving at a common measure of agreement upon which the new constitution might be framed.

The First Session of the Conference made considerable headway, and we expected that, during the Second Session, we should move faster and, perhaps, go farther. Unfortunately, circumstances have intervened which have not brought about such a result, but, nevertheless, Lord Reading was perfectly right when he said this morning, that the Conference cannot be regarded as a failure, as is tried to be made out in some quarters. In addition to the reasons advanced by His Lordship, I would say that the holding of the Conference here has awakened the British public to a sense of their responsibilities to India, and has acquainted them with the exact position; and, relying as we do on the British sense of justice and fair play, we have no doubt that Dominion status, with safeguards, is now quite within our grasp, to be followed, after a reasonably short interval, by complete Dominion status, such as exists in the other parts of the Empire.

We assumed, Mr. Prime Minister, that this common measure of agreement was meant to mean as between all sections of the Conference, but the procedure followed imposed on the Indian delegates alone the responsibility for expressing their views and reasons on the different points brought before the Conference. The Government has, unfortunately, kept us in the dark as to what their intentions are. That has, in fact, meant that we have worked under considerable difficulty, and it would have been very much better if their intentions had been made known to us, particularly in view of the nature of the Conference, in view of the important matters that we are discussing, and also in view of the very grave consequences that will follow should the decisions not be in accordance with the wishes of the Indian public.

It is no secret that certain provisional proposals were advanced by the Government in an informal manner. The Secretary of State warned us not to rely upon " Headlines in the British Press," but we could not help doing so, and our anxieties are not even now at rest. We consequently await with trepidation the announcement which will follow to-morrow.

If any constitutional proposals are to be a success, then Sir, they must win the support and the co-operation of the popular political opinion in India, and for that, who can be better judges than the British Indian delegates, who would have been able to advise the Government to follow the right course, had they known what the Government's intentions were. Provincial autonomy has been

thought of or is believed to be thought of as an initial instalment to be offered by Government. If that is the idea, then, Sir, the consequences would surely be disastrous, as has been pointed out by speaker after speaker. Those who entertain this idea of provincial autonomy to start with, are certainly not in touch with the progress of events in India. We are told that the solution of problems which must be solved before a scheme of Federation could be introduced would take some years. Now, what is meant when the phrase "provincial autonomy" is used? It is not real provincial autonomy. What is meant is responsibility in the Provincial Government. This is a very different thing. Real provincial autonomy cannot exist without responsibility at the Centre. Provincial autonomy and autocracy at the Centre, as Sir Manubhai Mehta rightly pointed out yesterday, is a contradiction in terms. This is the form of advance which was suggested in the Report of the Simon Commission, and if it is only this which is to be granted, then there was no use convening a Round Table Conference, asking us to come here a distance of 6,000 miles and to spend so much time and take so much trouble. It might be argued, and it has been said in certain quarters, that in the preamble of the Act introducing Provincial autonomy it might be stated that Federation would follow. But such a vague promise will not satisfy the Indian public.

Supposing this were done, I would ask the Conference to consider what would be the consequences. There would be considerable agitation everywhere, and it would rest on the Ministers in the Provincial Government who, under the new arrangement, would be responsible to the Legislature, to try and check that agitation. How could you possibly expect such Ministers, who do not believe in Provincial autonomy alone, but also insist on responsibility at the Centre at the same time to check such agitation. Their efforts would certainly fail and it would consequently give a handle to people here to say that because Ministers have been unsuccessful Provincial autonomy has proved a failure and there cannot be responsibility at the Centre.

It was for these reasons, Mr. Prime Minister, that some of us addressed you a letter some time back pointing out the very serious consequences which would follow if it was contemplated to give only Provincial autonomy. Speaker after speaker, both in the Federal Structure Committee and at this Conference, has dwelt upon this point, and you will have noticed there is perfect unanimity amongst us, whether the speakers come from British India or from the Indian States, whether they are Europeans or Indians, whether they are Hindus or Muslims. Of course the Muslims and the other Minorities insist that when responsibility at the Centre is given, their interests should be safeguarded—which of course is quite right.

Mr. Prime Minister, memories of people are short in these days. I wonder if people in this country, and particularly those who have suffered most by the boycott movement in India, do recognise the importance of the great achievement of Lord Irwin in bringing about an agreement with Mr. Gandhi. Will it be right now to do

anything as a result of which there might be a second and perhaps a more bitter struggle? Are we to have another and a greater upheaval in India? If people here think that guns, aeroplanes or ordinances will be able to effect sufficient control of the situation, I may be pardoned for observing that they will be living in a fool's paradise.

Whilst I make these observations I am conscious of the difficulties in regard to the communal problem. It is most unfortunate that we have not been able to settle it; but it now rests on you, Mr. Prime Minister and the Government, to settle these differences as you think best and to ask us to work the new constitution in a manner that will lead to peace and contentment in the land.

Sir, in his very able speech, Sir Manubhai Mehta expressed approval of the scheme circulated by Sir Mirza Ismail which proposed for India something resembling the German Constitution of 1870, which had an Upper House consisting of the representatives of the various constituent governments of the Federation. I confess I am not enamoured of the same, and I would prefer to proceed on the lines that we have gone on, but if Government are to give any thought to Sir Mirza Ismail's proposal I would like them at the same time to consider the memorandum for an Advisory Federal Council prepared by a prominent and senior Indian member of the Indian Civil Service, Mr. Alma Latifi, and to which our pointed attention has been drawn by Mr. Gandhi.

Mr. Prime Minister, when we accepted your invitation to come here we did so in the firm belief that we would not go back without receiving Dominion Status, with safeguards to start with, and that after a short interval of time complete Dominion Status would follow. These special safeguards have been engaging the attention of the Federal Structure Committee, and now of the Conference. They are four: External Affairs, Army, Finance, and Commercial Discrimination. We have not much to say in regard to external affairs, and the great majority of us would be prepared to leave them in the hands of the Governor General during the transitional period.

In regard to the Army, I do not think, according to the discussions which have taken place, that we have advanced as far as we should have liked. In the first instance, this is a question which should have been properly handled, as it was during the First Session of the Conference by the Defence sub-Committee. Unfortunately, perhaps due to want of time, and other reasons, the matter was relegated to the Federal Structure Committee. Diwan Bahadur Ramachandra Rao, the speaker who preceded me, did make mention of the Chetwode Committee's Report. This Committee was appointed on the recommendation made by the Defence sub-Committee. Nowhere in that recommendation was it laid down that the intake in the contemplated Indian Sandhurst was to be limited to sixty per annum, and in reply to questions put by members of the Committee the Chairman persisted in not allowing any further

discussion but laid it down, as coming, I believe, from the Government, that the intake should not be more than this number. This we consider a great disadvantage. The Committee should have been given free scope to make its own suggestions.

In regard to military expenditure, if we had self-government we would certainly not allow it to run to the amount we are made to spend, and that is not the view of ourselves alone. May I be permitted, Mr. Prime Minister, to quote your own words, published many years ago, in which you said:

> "A self-governing India would no doubt insist upon bearing some definite share in Defence, but like the Dominions, it would settle how much it ought to bear; it would adjust the cost to its means and it would decide in what form it was to make its contribution, perhaps an Indian recruited Army. In any event, the present plan, by which India pays for the Imperial Army stationed there, without in any way determining its policy, is as bad as it can be. If the existing system of Defence is to last, the whole cost of the Imperial Army stationed in India should be borne by the Imperial Exchequer."

We are grateful to you, Mr. Prime Minister, for the candid opinion which you expressed in those days, and I am sure you take the same views to-day, and we hope, now that you are Prime Minister you will endeavour to do the best you can to so extend the powers of the Indian Legislature as to enable it to carry out those views, if not to the fullest extent, to a very large extent.

Coming to the matter of finance I would like to say, Sir, that very great anxiety has been displayed on the part of our British friends, but that anxiety I have no hesitation in saying is ill-founded. I can quite realise as Lord Reading observed this morning, that you have to look after the interests of those who have trusted you. I understand that by that he means those Britishers who trusted the Government of India and put their money into Government loans have to be protected. I do not think that either he or anyone else proposes to do anything to safeguard the interests of those also who have put money into private enterprises. That is their own lookout. I am quite in accord with the view that you should look after the interests of those who have invested millions in rupee or sterling securities. Between the two—namely rupee and sterling Government of India securities—these loans run to a total of somewhere about eleven hundred millions, the larger proportion of which is in rupees and the smaller in sterling. English investors have invested large sums in Government of India sterling securities and not rupee securities, but altogether out of the eleven hundred millions the holdings of British investors are bound to be far less than half this total. Is it then contended that for the sake of deliberately harming the British investors, the Indian Legislature would take steps whereby at the same time they must perforce harm the larger number of Indian investors? To do so will be tantamount to cutting off one's nose to spite one's face.

Indians will be cutting the ground from under their own feet if they adopt a policy whereby their credit in the world would be shaken. Indians know full well that their country is poor and that for years to come we shall have to borrow money from outside India. How can we borrow unless our credit is unimpaired? Therefore to think that we shall not have any regard for our own interests is to assume that we will persist in adopting a suicidal policy. The suggestion has been made, and a very valuable one, that the Finance Minister should be helped by an Advisory Financial Committee. If that suggestion is accepted and the Finance Minister is an Indian it will meet with the wishes of the entire Indian community, and I hope that it is not too late for you to formulate such a scheme. What we desire is complete control in financial matters and that as soon as possible.

On the subject of Currency and Exchange we have progressed no further. We have come to the conclusion that Currency and Exchange are not to be transferred to the Legislature until a Reserve Bank is established. The question of a Reserve Bank was fully discussed last year and there were differences of opinion as to whether, owing to the depletion of reserves, a Reserve Bank could be established within a reasonably short time.

In January last the gold and sterling reserves had dwindled down to 96 crores, but to-day they are at even less than 46 crores, and consequently the possibility of the establishment of a Reserve Bank is still further removed, and we do not know, therefore, when currency and exchange will be transferred to the Legislature.

Consequently I do not think it would be wrong to say that the transfer of financial control is but a mirage, and I use the word as my friend Mr. Jayakar did this morning in the sense in which he used it according to Murray's English dictionary, that it means (1) delusion or (2) that it is a long and distant goal.

I now come to the other safeguards, known as the safeguards against racial or commercial discrimination. I stated to the Federal Structure Committee, and I repeat, that this is not a case of racial discrimination. It has to do with inequality. Up to now very considerable inequality has prevailed. I had occasion to refer to it at some length at the last Plenary Session, when I said that it was quite easy for an ordinary European merchant to settle a business matter with a Government officer over a whisky and soda at his club, but that it was very difficult for even a prominent Indian to do so; in fact, he would have to kick his heels for hours together before he could gain admission to the official's room: I know all that has been changing since the Montagu-Chelmsford reforms and will go on improving in the future, but this inequality in the past has rankled in the minds of the Indians and made the position of the Britisher so very much stronger in commercial affairs, stronger that it would otherwise have been. My friend, Sir Cowasji Jehangir, quoted yesterday the case of a prominent Indian firm whose senior could not get anything out of the Government, whereas his paid British official was able to do so. These instances

can be multiplied, and our European friends at this Conference or outside have not dared to contradict them and cannot dare to do so, for the simple reason that until recently this sort of thing was an every day affair. Indians do not want to discriminate against the Britishers in the matter of commerce. All we want is what, after considerable difficulty, we were able to decide upon last year in consultation with and with the concurrence of Lord Reading. All that we want is that there may be industries which, in the opinion of the Legislature, should be confined exclusively for the benefit of the nationals. In such cases, only, and they would of course be very rare, the Legislature might favour the nationals. I would, however, go further and say, as in fact I did say in the Federal Structure Committee, that if such a decision of the Legislature is not acceptable to the Britisher, it might be left open to him to appeal to the Supreme Court or the Federal Court whichever is established, so that he may not have any grievance after the decision of such higher authority. I still hold that the formula accepted last year answers our purpose very much better, and I hope we shall continue to adhere to it.

One word with regard to Burma. In December last, when the Conference was in Committee, Mr. Jinnah put to you, Sir, a question in regard to any definite announcement that might be made, and your reply was that no announcement in favour of separation would be made without a discussion in the Plenary Session. No such discussion was held, and yet on the 21st August last the Government issue a communiqué according to which the Burma Round Table Conference was to be held *before* and not *after* the Indian Round Table Conference. There is a sentence in that communiqué which says:—

> "It is intended that the Burma Conference should assemble at such date in November next as will allow the Federal Structure Committee of the Indian Round Table Conference (so far as can be calculated in advance) to have completed their proposals, but before the Session of the Indian Conference as a whole has terminated."

Unfortunately, that has not been so. The same communiqué goes on to add that—

> "when the results of those deliberations are known there will be an opportunity for a review of the whole position by all the Parties concerned before any final adoption and proposal to Parliament by His Majesty's Government of measures to implement their provisional decision in favour of separating Burma from India."

Sir, because that Conference has not yet started its work and we are ending ours, some of us addressed you a letter suggesting you might be pleased to appoint about ten members of this Conference to join the Burma Round Table Conference. You have not seen your way to accede to that request, but we approach you again and we hope this matter will receive your favourable consideration.

Mr. Prime Minister, a very eminent Englishman, no other than Lord Macaulay, has observed:—

> "Many politicians of our time are in the habit of laying it down as a self-evident proposition that no people ought to be free until they are fit to use their freedom. The maxim is worthy of the fool in the old story who resolved not to go into the water until he had learnt to swim. If men are to wait for liberty till they become wise and good in slavery they may indeed wait for ever."

The same writer says:—

> "Of all the forms of tyranny the worst is that of Nation over Nation; heaviest of all yokes is the yoke of the stranger."

India was destined to have a foreign yoke about two centuries ago; and I for one regard it as a fortunate circumstance that that foreign yoke was that of the Britisher and not of any other European Power. But it is now time that even the Britisher should relax his hold and let India stand on its own legs. It has often been urged that the Britisher is a trustee, not only for those Englishmen who have made investments in India, but a trustee for the masses in India. The implication, therefore, is that the Indian himself cannot look after his own kith and kin, and it is the foreigner who can. If you are trustees, may we ask if you are discharging the duties of trustees in the manner in which those duties are generally understood? A trustee acts for one, generally a minor, who, when he attains majority, is given full charge of what is his own. It seems that India is always to remain a minor and not to attain its majority. Again, it is the duty of a trustee to look exclusively to the interests of his ward and not to look after his own interests. Can it be said that the trustee in this case has looked after the interests of the minor alone, and that he has not looked after his own interests to the same or perhaps to a greater degree? This state of affairs must now cease, and it will cease, because, as I have said before, we rely upon your sense of fair play and justice. Therefore, we are awaiting with bated breath, and we will come here to-morrow to hear the declaration that you will make, which will interest not only ourselves, not only the three hundred and fifty million people of India, but the world at large.

Captain Raja Sher Muhammad Khan: Sir, there are so many memoranda and letters circulated to this Conference that one can hardly read them all, and so many speeches delivered to this Conference that one paper rightly describes St. James' Palace as the greatest speech factory in the world. These speeches are repeated many times. When a soldier in the Army repeats his musketry qualification more than once he is called a third-class shot. As to our fellow Delegates who have repeated their speeches, I hope you will not call them third-class shots.

Mr. Prime Minister, as a representative of the enlisted classes and one who has had practical experience of active field service over

a number of years, I am grateful to you for having afforded me the opportunity of making a few observations on the question of the defence of India.

Everyone round this table will admit that the question of defence of the country is of vital importance and is essentially one in the consideration of which we should not allow our political bias and excessive enthusiasm to warp our judgment. I am confident, therefore, that this Conference will give the matter that deliberate thought which it deserves. The Federal Structure Committee in paragraph 6 of their Report on Defence and External Relations have expressed their opinion in favour of the establishment of a Council in India analogous to the Committee of Defence in this country. I welcome this recommendation and would venture to make the following suggestion in regard to the constitution of the Council that should be established by Statute. It should consist of two non-official members (one to be chosen from the Indian Legislature and one from the enlisted classes), one representative of the Commander-in-Chief, and one soldier of high rank. A Council so constituted will command the confidence of the *personnel* of the Indian Army, which is essential for its success. A purely non-official and political body may lead to discontent among the ranks of the Army.

If such a Council is established, I will not oppose the appointment of a non-official Army Member, who will be responsible to the Viceroy during the period of transition. The discretion of the Viceroy should not, however, be hampered, and it should be open to him to appoint any one he likes.

It was suggested by some speakers in the Federal Structure Committee that the size of the Army in India, and the number of British troops, should be reduced. I will beg my friends not to allow their patriotism and sentiment to colour their judgment. The Army is the most important part of every government. And, whatever our desires and ideals may be, we cannot deny that self-defence and self-preservation are real needs in the present fabric of the world. You cannot work any constitution in India unless you are free from foreign aggression and internal disorders. India has a land frontier of about five hundred miles, and the aggressive and warlike tendencies of our neighbours are too well known to require any emphasis on my part. It will, therefore, be unwise to reduce the strength of the Indian Army. The present strength of the Army in India, including reserves, etc., is just over 150,000. This number in my humble opinion is not too big for a huge country like India. During the Great War, Germany and France, whose populations are much smaller than that of India, each put five or six million men in the field. India's military power is not very elastic; and at a time of emergency a reduced Army will endanger the defence of the country. A hastily recruited and under-trained force will be a source of weakness and will spell disaster. If I may be permitted to quote from a very recent book of General Ludendorff called " The Coming War," " an increase in the strength of the army cannot be

accomplished in the twinkling of an eye." If this is true of Germany, it is still more true of India. I will not take the time of the Conference by stating in any detail the present strength of the armies of the various countries of the world. Suffice it to say that at present Germany possesses 100,000 Reichswehr. France possesses more, and Russia much more. Our armaments are much inferior to those of the European countries, and at a time of emergency we shall not be able to put an effective Army in the field. I therefore appeal to my fellow British-Indian Delegates not to imperil the safety of their country by suggesting a reduction in her fighting forces.

It was also pressed by certain speakers in the Federal Structure Committee that recruitment to the Army should be thrown open to all classes of Indians. Already there are no restrictions in regard to appointment to King's Commissions. As for recruitment to the ranks, I have great sympathy with the suggestion. I will, however, say this. The traditions of the present Indian Army are the highest and the noblest, and if these traditions are to be maintained it seems to me to be absolutely essential that the material which has been supplied to the army should not deteriorate. India is a very big country, and the material for the army is varied. On the whole, it may be the best plan to get the best men possible from whichever class we can. The rest of the classes can be left to follow the avocations for which they are better fitted. When Lord Roberts was asked why he did not throw open recruitment to the army to all classes, he replied, " India is a very big country with a vast population, and we must use the best material which we can get." I have the same reply to give. The case of smaller countries with homogeneous populations is different. During the Great War companies were raised from the non-enlisted classes. They proved a hopeless failure; and I have personal knowledge of the fact that on a long route march ninety per cent. of those who fell out belonged to the non-enlisted classes. We can hardly afford to play with the defence of our country, and pay men in peace time who either cannot or will not fight during the time of war.

As I had the honour of serving on the Indian Military College Committee recently appointed by the Government of India, I may be permitted to make a few observations on this subject. Having regard to efficiency and all the other circumstances of the case, the Committee have done their best to make it possible for a college to be started next year. In the beginning sixty commissions out of a hundred and ten will be thrown open to Indians. This, in my opinion, is a good start. If the experiment proves successful, with the excellent material that there is, the pace of Indianisation will no doubt be accelerated.

Mr. Prime Minister, if you will excuse me for saying so, you have grown very grey during the last few months listening to the claims and counter-claims of the various minorities. I must apologise, therefore, if I mention one more to be added to the number of

those minorities. I mean the *ex*-soldiers. They are not a very vocal body, and their claims are rarely pressed by the lawyer-politicians. This class served the country in her hour of greatest need, and will shed their blood if again occasion demands it. This minority alone has proved in the last world war that India is fit for substantial constitutional advance, and this is the minority for which our distinguished Pandit spoke so highly. It will only be fair if they are granted adequate representation in the Local and Provincial Legislatures. In any scheme of franchise, too, they should be given the right of vote to the Provincial and Central Legislatures.

In the end I will say to my fellow-Delegates that an efficient, effective army is the bulwark of every country, the very foundation of every constitution. Give your army a sense of security and contentment, and your political prosperity will march in an atmosphere of peace.

Mrs. Naidu: Mr. Prime Minister, when I look round this table I find experts in every department of life. There are men of law, some of whom act as " experienced foremen " in building the great architectural edifice of India's constitution like Sir Tej Bahadur Sapru. There are men of finance like Sir Purshotamdas Thakurdas. There are soldiers who speak with no uncertain voice, like my predecessor. There are men representing Labour. There are those representing women who are neither a minority nor a special interest. There are landholders, there are champions of one interest or another, and I am beginning to wonder what place I can fill in an assembly like this. I have neither experience nor knowledge of all those expert matters that have been dealt with in the Federal Structure Committee. I do not understand the technicalities of constitution-making and therefore where all have spoken as champions of one interest or another I propose, if you will permit me, to speak only as an Indian, not as a lawyer, politician, soldier, on or off duty, or a member of the financial or princely classes, autocracies, or a member of the aristocracies that are represented here. You will permit me, Mr. Prime Minister, in view of the very grave issues before us to say something that comes from the very core of my heart.

Intellectual discussions, analyses and counter-analyses, proofs in favour of this point of view, or proofs in refutation—these are not the real issues to-day. My whole country is awaiting that word—penultimate or ultimate as you choose to make it—of England's attitude towards India. It has been my great privilege these many years to have lived very close to the heartbeat of my people. I know the heartbeat of their agony. I know the heartbeat of their hope. Are you going to-morrow to respond to the agony or to the hope of my people? That is the question I would like to ask you. The Lord Chancellor when he spoke at the opening of this Plenary Session after you, Mr. Prime Minister, used an image that sounds very beautiful. He talked of the Taj Mahal. He talked of its

beauty, its unrivalled proportions. He talked of the labour, the patience that went to the making of that beautiful edifice.

Did he forget, when he used the analogy of the Taj Mahal with its jewelled walls, its fretted domes, its marble turrets, that the Taj Mahal was built over the bones of beauty that was once alive? Did he forget it was slave labour that made those jewelled walls, and that the cementing force that keeps that edifice alive was the sweat and the agony of that slave labour, forced from day to day to build up that house of beauty? Is it the Taj Mahal that you are going to build after years and years of labour and years and years of patience, only to enshrine the dead bones of our hope—or are you going to realise that there is no time to-day, there is no patience to-day, there is no faith left to-day for so prolonged a piece of labour as the building of a Taj Mahal with jewelled walls ?

My people are dying of hunger. My young men and young women who do me the honour of looking on me as their comrade, their friend and their leader, are dying under the sweat and anguish of slavery, gild it as you will with any beautiful word out of your English language. What is the answer you will make to those young men and women, many of whom have studied in your universities and have been nourished on the history of the liberties of the great nations of Europe, and who are only held in leash from revolution because of the pledge and promise that we, their comrades, their servants and their leaders, have made, that we shall bring back from England something, some substantial alternative to their demand for that word you dread, independence?

That is the answer I want. My work has not lain in the Federal Structure Committee except as a spectator, but almost every day during all the weeks that I have been here my work has lain outside the Federal Structure Committee. I have been addressing large groups or small groups of men and women, both friendly and hostile to India, and it seemed to me that from the point of view of knowledge there was very little to choose between the friendly and hostile sections of the English people. The same arguments, only punctuated differently, were advanced by both. Was India really ready for freedom? Were not there dreadful things called communal conflicts? Was not the rumour of riot on every wind? Was not every street more or less symbolised by blood-stains that meant hatred, conflict, tumult, turmoil, that could only be assuaged, appeased, controlled or conquered by English forces and by English authority? This in brief, this in one word, is the attitude of both those who sincerely desire India's advance and those who, with equal and patent sincerity, refuse to think of India except as a helot, except as something chained to Empire.

What is going to be your answer to-morrow, Prime Minister, to the demand of my country for freedom? I have no use for words that are used either too rigidly or too vaguely. I have no use for a phrase like "Dominion Status" for instance. What does it connote? I have been in most of the Colonies of the Empire, and

in each Colony the meaning of the words "Dominion Status" is determined by its own special environment, its own special need and its own special achievement. It holds for me no particular meaning in any political dictionary so far as India is concerned. I have heard the world "Independence" used. That also is a word either too rigid or too vague. I know small independent countries that have not known how to manage their own internal affairs; that put one king upon the throne one day and cut off his head the next day, and are yet independent; which have not enough Ministers to send to the Courts of the world where they would be represented, have not enough soldiers, enough law-makers, enough subjects, have not enough Nobility or soldiers or anything necessary for the dignity and integrity of independent States. I am not enamoured either of the word "Independence" or of the words "Dominion Status"; but I do claim the liberty of India, with the fullest implications of what liberty must mean to every country in the world.

My illustrious leader, Mahatma Gandhi, when he has completed his twenty-four hours of silence, some time in the afternoon will no doubt reiterate in his own inimitable fashion the claim that he makes as the sole representative of the Indian National Congress. I will not seek to divide—because he will not allow me—the honour of such representation; but I too have been a President and a representative of the Indian National Congress and of that honour he cannot rob me, for he divides it with me. I am therefore making a claim on behalf of the nation as he does, not with the technical authority of being its representative at your councils, but with the inviolable right of having been its servant and its leader. I speak and I say this to you in England that when Lord Reading to-day talked of equal partnership, he talked of something that the best mind of India can appreciate, but only on its own terms.

What is this equal partnership? What is this equal partnership of which we hear so much? It can only mean a voluntary association on terms of equality, and to-day that equality is not there. You talk of a position equal to that of the Dominions. You forget that in your Dominions there are men who are your own kith and kin, of your own race, your own blood, your own culture and your own creed. They are held to you by a silken thread, whereas the irony of historic circumstances has forged a fetter round our feet, and therefore to hold us by a manacle round your wrist. Until you break the bondage of that manacle and we break the bondage of that fetter, there can be no choice either for you or for us of that equal friendship which is the only enduring guarantee of good faith among partners who are friends.

I, in the name of the cause that I serve, make this claim for equal partnership, but I repeat it is only on terms of equality that leaves full choice to you as to whether one or other of us chooses to diverage, it shall be so. But this is no threat, it is an offer; it is an offer to you in the critical moment of your history; it is an offer made in the critical moment of our history, and such a choice does

not repeat itself even though they say history repeats itself. You will say to me, as so many others have said: but how can India have this liberty? Look!—you could not solve the question of the minorities. Look!—the question of the Depressed Classes is a stain upon the civilisation of which you boast. You will say to me: your friends the Muhammadans, have refused to co-operate in making the last days of this Conference either successful or unsuccessful. You will say to me: there is that little group of Europeans not satisfied yet with any offer that you have made. You will say: we have missionaries who made converts in your country—there are Christians who do not feel secure against the majority of their own original caste. You will say many things to us. But I have always maintained that the greatness, the glory of India does consist in just these minorities, just such majorities. It is in the welding together of all these divergent things, reconciled and harmonised by my country into one integral nation, that makes the glory of India; and if we have not succeeded in solving for the moment those purely artificial questions of vulgar fractions, that arithmetic which divides a power into little fractions for this community and for that community, I do not feel that it affects in any way the vital issue of liberty for my land.

Mr. Prime Minister, you to-day are in authority. If a few scores of politicians have not succeeded in doing arithmetical calculations I ask you to make a decision, but do not let our temporary failure to arrive at a settlement act in any way as an excuse, valid or not, for postponing the hour of India's liberty.

My friend Dr. Ambedkar looks at me now and then with reproachful eyes. He says: Yes, but what are you going to do about the Depressed Classes? So many people not in any way connected with the Depressed Classes have already expressed anxiety for the Depressed Classes. Here and now let me tell my friend Dr. Ambedkar that I, the descendant of the proudest class of Brahmins in India, do not feel any reproach in his look. My duty has always been fulfilled in that regard, and not I only, but I speak in the name of all when I say that the leaders of the Hindu community should be and shall be pledged, whatever happens to the constitution of India's future, to remove this blot, to expiate the sins of disinheriting our ancestors for the dehumanising of one section of our own kith and kin. As far as it is possible for me and those who think like me it will be the first charge upon all our energies and our labours that every disability from which these tragic people suffer shall be removed and that they shall have a place in all things, social and political, equal to the highest who bear the label of the Vedic castes upon their brow. I will not stand for injustice or inequality to the poor and the depressed but I would say to Dr. Ambedkar that anyone who would serve the community that he represents would merely do a dis-service to them if he would strive to isolate them away behind electoral barriers as something outcaste from the assembly of those whose desire and duty it is to teach them the great

lesson of self-reliance and self-respect. In all else that matters, for all political purposes, for all human purposes I will challenge any Hindu in this gathering to deny them rights that are enjoyed by men of all other communities outside the Hindu pale.

What will you do, Mr. Prime Minister, to further this question of Federation? The Princes have spoken, the greater Princes have spoken. They have spoken, realising that they are Indians first and Princes afterwards. They have spoken realising that India must be one integral whole, indivisible in her destiny. I have spoken of Federation as the circumference of a circle, which has one centre, that unites all. From that centre each radius might go its own way, but all must be circumscribed by that circumference. I welcome with all my heart this idea of Federation. All my life I have been a dreamer of dreams of a Federated India that shall be free, each section having its own sovereign integrity, but yet bound one to the other by some focussing point of a common purpose and a common destiny. But when I hear that there are some who would like to see what rights are going to be guaranteed to them, what powers will be reserved to them to continue undesirable and obsolete methods of autocracy, who say that we must wait until they have made up their minds, I say and I repeat, and I will always say and reiterate that the youth of India will not wait upon the leisure of Princes. Not very long ago I said to my own Ruler, the Nizam of Hyderabad, "Sir, when the people begin to walk, Princes must begin to run to keep pace with them." The only security for the thrones of India lies in the hearts and the allegiance of the people. I believe that the Princes around this table have understood that ultimate security lies, not on a throne of gold, but in the hearts of the people, whom they rule. Therefore, I welcome their efforts and their desire to come into a Federation of a free India. But I should like to say, on behalf of the peoples of India, that we shall not be content with an alliance merely between dynasties and democracy, but that their people too shall have a voice in the councils of a free India.

I do not wish—I am not competent, for one thing—to make any criticism of the various aspects of the Federal Structure Report, but I feel that no constitution, however perfect in its technicalities, however beautifully dovetailed into each other its sections may be, merely on paper, can ever last for a single day, unless it is co-ordinated to the immediate and urgent issues of life as they exist in India to-day. To-day, the problem is a problem of hunger; to-day, the problem is the problem of a nation that has the shame to be defended by foreign forces; to-day, it is the humiliation of a country whose youth is dying of a broken heart because the young men and the young women of the other countries where they go to study are free and make friends with them, yet all the time they realise that they are amongst the disinherited ones, the exiles of earth, in their own country, because they have not the heritage of freedom which enables them to be masters of their own policies, not in one direction only, but in all the directions and departments of life.

My appeal to you, Mr. Prime Minister, is this. Make real that ideal, that desire, that dream of a statesman who was once a Viceroy, Lord Reading—equal partnership. How divergent are the ways by which men come to a common ideal! What two human beings could be more different than the Saint of Sabarmati and the *ex*-Viceroy of India; yet each of them use the same phrase—equal partnership. But are the implications alike in both minds?

I have sometimes been accused by those who are very ignorant or dense, or unimaginative—and there are so many in this country like that, Mr. Prime Minister—of being unfriendly to England. It is impossible for me to be unfriendly to England. So much of my youth has been spent in this country, and my friendships here are very real and spread over a very great number of years, more years than my vanity will permit me to tell you. My dreams for India have their roots deep down in my heart, but my friendships and associations with England have their roots intertwined with the roots of my dreams for India. Shall it be to-day that there must be so great a conflict between these two loyalties, that I must be compelled to eradicate one by its roots so that the other may live, or will you make it possible, by imagination, human understanding, sympathy, self-interest, if you will—will you make it possible for thousands of men and women like me who are patriots, but not narrow nationalists, who love their country and yet have known how to transcend all barriers of race, creed, civilisation and climate, who would die so that freedom might be born for their country, but who would not, if they could help it, make another nation suffer—no, not in its pocket, nor in its pride, nor in its life—will you make it possible for people like me to cherish such twin loyalties. You will only do it when you rise to the full heights of your own English traditions, those traditions that inspired my childhood when from my father's lips I learned how England had always been the sanctuary of those who were exiled from their country for the sake of their dream of liberty. Do not be content with the mere technicalities, the mere texts and letters of the constitution that you would give us, but be human in your vision and try to understand that even as you cherish liberty, so do we, a modern nation, cherish the dream of liberty. Do not drive us into being narrow nationalists when some of us by temperament, tradition and every conviction in our beings are internationalists, without undue sense of race and country. Make it possible to achieve that India, that free India, which will stand side by side with you with a bond of silk and not with a fetter of iron binding us to you.

I dream a dream, not of some far distant future, but of some immediate time when this will be possible; when you make bravely, spontaneously, that *beau geste* of abdication, for that is what lies at the root of our demand. When you have abdicated nobly your claim and title, when you have by your own abnegation of many imperialistic material interests risen to the height of your own spiritual greatness, stretch your hand in fellowship and we shall not be lacking in the response that bids you " Hail, but not farewell."

Sardar Sampuran Singh: Mr. Prime Minister, we are here together to evolve a democratic constitution for India. Democracy, after all, means equal treatment and equal opportunities for mankind. For bringing about those conditions it is absolutely necessary that there should be one kind of government over a large population. To bring about democratic constitutions in the world, I say with pleasure that you have achieved one thing; that is this, that you have built up a very large Empire on which you say with pride that the sun never sets. Having achieved that one great thing, now it is for you to consolidate it and to bring about co-operation and co-ordination of all the parts of that great Empire so as to make it really one organisation having stability and the power to progress further.

In this connection I may submit to you here that it is your duty to bring about such a government in India as will develop all the resources and the nationhood of that country, so that they may become strong in themselves and, subsequently and consequently, a source of strength to the whole Empire. In this connection at present, if I may be allowed to say so, you are governing it in such a way that the conditions are going every day from bad to worse. If in some quarters it is understood that in order to govern a place you have only to keep peace in that country, I would say that is wrong, and you can never achieve peace by the idea of achieving peace only, but that peace should be based on the psychology and the mentality of the people whom you govern.

People in India, if I may be allowed to say so, have, on account of the present state of things, lost faith in British justice. Long ago Lord Macaulay in one of his writings said that the foundation of the British Empire lies in the faith of the people whom you rule in your justice. I beg to submit that that foundation is not in its proper condition to-day; you have to repair it, you have to mend it, and, if necessary, you will have to put new parts into it. If you want the Empire really to develop and progress, this is my humble submission, that it is necessary that you should bring about that justice and that you should create faith in that justice amongst the people you want to keep within the British Empire. By the present methods you can never do that, so you must open new avenues and new constitutions by which you can bring that about. By your good luck, I would say, ever since you went to India the economic resources of that country developed, and the result was that the people became a little happier. Though the industries died, agriculture developed, but the present economic conditions of the world have brought the country—I mean India—into the lowest ebb. Agriculture (of which I can speak with experience, being an agriculturist myself) does not pay. People are sticking to that occupation simply because they have nothing else to do. They have been borrowing money, and now they cannot repay their creditors, neither have those few rich people any more money left to lend. That is all spent, gone in the way of the revenue and other charges on agricul-

ture, and to-day the whole nation is a nation of paupers, if I may be allowed to say so, except the gentlemen sitting on that side.

As I now speak of India I would submit that those conditions have to be altered. What are the remedies? Retrenchment and radical retrenchment is absolutely necessary. I fully appreciate and agree with my friend Captain Raja Sher Muhammad Khan that there should not be a reduction either in the way of numbers or in the way of efficiency in the Indian Army. I agree with him, but I would at the same time say that such a re-shuffling of the units should be made that in the place of the more expensive parts of the Army cheaper units should be put in. By this I mean that the Indian Army might be increased and the British Army might be reduced so as to make this retrenchment a little bit effective in that department as well. Perhaps I should have overlooked this question of the Army, but seeing that fifty per cent. of the revenues of the Government of India are absorbed by it, I do not think any effective retrenchment could be effected if one did not make it applicable to the Army as well. Again, Sir, in India, the question of exchange and the linking of the rupee with sterling is being taken very seriously. We have had some of our very best financiers present in London, and I was very glad to know that one or two meetings were held in the endeavour to come to some understanding or to convince them that this step which the Government of India had taken was absolutely necessary. I am sorry to say that neither any understanding nor any convictions have been brought about on that question. I would submit that the effort should not be given up. Either the British financiers should convince our men and make them understand that the measures they are taking are really the right ones or amongst themselves they should come to some understanding on the question, because I am sure that if some right understanding is arrived at it will have a very good effect on the whole of India.

I would like to say a word on the communal question as well. The communal question, in my opinion—I may be wrong—is more or less a subjective question. I live in a Province where Muhammadans are in a small majority, and I come from a class of people where some branches of a family are Muhammadans, some are Sikhs, and some are Hindus. Having lived in those villages and knowing those people so well I know that there is hardly any difference worth naming. So far as the economic interests of the people are concerned they go on with their professions and other things. The question of religion, which is more or less the root of this whole communal question, is a subjective question. It is only a question of bringing things into the right perspective. I think when that is done and when the people get an opportunity of handling their own affairs there will be no real difference amongst them. Communal differences will disappear automatically without any special efforts.

It has been said in certain quarters that the British politicians have gained a great point by putting the Indian Delegates in a wrong position on account of their not having come to any agree-

ment on the communal question. I do not believe it. I do not agree with it. I know it is wrong, because we are gathered here to bring about good relations between two great nations, and we are gathered here to bring about good government in India which will satisfy the people of India without doing any harm to the British nation. For that end are we met, and that end we have always in view, and to put either party in the wrong—if we were to do it to England, or if the British politicians were to do it to us—would not help in the solution of that problem, and no statesman worthy of the name would do it, and I do not think it was ever meant.

Continuing this idea, I should like to say one thing, namely that it is absolutely necessary that the people of India should be satisfied that the British Government really means business. If it is not done immediately things will go from bad to worse, and we get into a vicious circle. When Government wants the help of its subordinate officials in the districts and in the villages to curb all these disturbances, the result is that the authorities have to be lenient towards the subordinate staffs of the various departments, and these staffs expect certain favours, which always take the form of curruption. These people become corrupt, and the authorities, being to a certain extent under an obligation to them, cannot handle them as they should. That is one of the chief reasons why people in India are losing their faith in the present Government.

Something has to be done, therefore, as otherwise, however mighty the British may be, and certainly they can exercise any amount of repression to keep the people quiet, they will not be able to re-establish that faith in British justice in the hearts of Indians. It can be done to-day, but it will be difficult to do so after some years. I am not thinking about bringing about good government and peace in India; I am thinking of establishing once again in India that faith in British justice which is the sole foundation on which in my opinion the Empire can be durably built.

I am a born optimist, and I have not lost my faith. I still look forward to the day when India will attain to her greatness and will work out her destiny within the British Empire, and the British Empire, with India and Dominions, will progress and go forward, until a day may come when people will have so much faith in British justice that other great countries will voluntarily come into this Empire, but it is difficult to say whether in those days it will be called British Empire or something else. Perhaps we may have one Government for the whole of the world. Some day it may be said to the honour of Britain and India—two countries very different from each other—that they by acting as partners in a great Empire laid the foundation for one democratic government for the whole world.

(The Conference adjourned at 1-15 p.m. and resumed at 2-30 p.m.)

H.H. The Maharao of Cutch: Prime Minister and gentlemen, during the last few days I have listened with pleasure and respect to the speeches of many eminent persons who have been intimately

associated with the work of this Conference in general and of the Federal Structure Committee in particular since its inception. In the few remarks which I shall now make I shall not attempt to cover the ground surveyed by them. My contribution to this discussion will be made from the relatively detached standpoint of one who was not a member of the Round Table Conference during its previous Session and who has not been a member of the Federal Structure Committee during the present Session. For this reason perhaps what I have to say may be of interest.

We of the Indian States have sometimes been accused of vacillation in our attitude towards the project of Federation; we have been accused of not knowing our own minds, of hesitating and of being over-cautious. May I ask, is this accusation quite justified? I would ask you to remember that when the Chamber of Princes met in 1930—which, after all, was only eighteen months ago—the project of Federation in its present form was not under consideration at all. The Delegates representing the Indian States at the First Session of the Round Table Conference were selected by His Excellency the Viceroy; and, although the Standing Committee of the Chamber of Princes was consulted in regard to those representatives, the Chamber of Princes itself had no opportunity to confer upon them any mandate. Thus it was that from the standpoint of the majority of the members of the Chamber of Princes, Federation in the sense in which it is now understood came into the field of practical politics between the 1930 and the 1931 Sessions.

Our representatives in the First Session of the Round Table Conference, out of a patriotic desire to promote the interests of India, agreed for their own part to take an active share in the promotion of the scheme of Federation, subject to the safeguards necessary for the maintenance of the sovereignty, the integrity and the security of the Indian States. But, while all the opinions pronounced in the First Session of the Round Table Conference by the representatives of Indian opinion there gathered were provisional, the opinions of the representatives of the Indian Princes were provisional in a special degree, being subject to confirmation not only by the States individually but also by the States collectively at the meeting of the Chamber of Princes.

When the Chamber met early in the present year it was hardly to be expected that the rapid developments which had taken place in India would be received with entire equanimity. Many of the members of the Chamber were doubtful as to whether Federation was practical in the form proposed. Some were apprehensive of it, yet others reserving their opinion; and I think it is a distinct tribute to the patriotism and good sense of the Chamber of Princes that, although its members had to make up their minds in a very short period of time, there was unanimity when they authorised the continuance of the endeavours to find a satisfactory solution of the federal project. Thus it came about that it was only this year that the Chamber of Princes gave their provisional assent to the idea of

Federation. At that time, however, it was an idea only; no details had been worked out, and the picture which was presented was in its bare outline. As the result of the work which has been done in London during the last three months the picture of the future Federation, though still incomplete in certain aspects, has become plainer and more intelligible. It will therefore be easier for the Indian States who come in to examine it both individually and collectively, to make up their minds about it and to pronounce more definite opinions regarding the scheme.

I do not desire, nor do I think this is the place or the occasion, to examine in detail arguments that could be advanced for and against federation. I would only say this, that my experience of men and things, derived from my forty-seven years as Ruler of an Indian State, has made me careful of committing myself to general propositions before I fully realise their particular implications. Accordingly, as I am free to admit, I have examined the project of federation with considerable caution; but, after carefully weighing the considerations which present themselves to my mind, I have come to the conclusion that the idea of federation has merits which highly deserve careful and sympathetic consideration from every individual here.

The right method of entry into federation we have still to determine, and some Princes will perhaps, I think, look with some sort of favour upon some sort of antecedent confederation idea. However, I have observed with great satisfaction that from the very commencement of the Sessions of this Conference His Majesty's Government has made it perfectly plain not only that every reasonable precaution will be taken to safeguard the rights and interests of the Indian States and of their people, but also that no pressure can or will be brought on the States, either individually or collectively, to force their assent to any scheme of which they do not approve.

As an illustration of this general attitude of His Majesty's Government, which I am sure will inspire confidence amongst the States, I would draw attention to the fact that the special position of the Maritime States, of which Cutch is one, has not escaped attention. The decision which we of the Maritime States will shortly be called upon to take is of an importance not confined to ourselves alone, for our non-entry into Federation would raise fiscal and financial difficulties, I am afraid, of no common order. Plainly, however, we cannot be expected to enter into Federation until we know clearly where we stand. Certain of our rights are at the moment matters of dispute between the Government of India and ourselves, and for this reason I welcome the recommendation, in paragraph 20 of the Report of the Federal Finance sub-Committee, that any decision as to what are the existing rights of a State in those instances in which they are now in dispute shall be determined separately with the least possible delay. With this recommendation I am in entire agreement, only postulating that the determination of disputed rights shall be undertaken by an impartial body. Indeed, I think it is very necessary

that, whether Federation comes about or not, the economic and political disabilities of which the States have long been complaining should be effectively removed.

I draw attention to this point here because I believe that such an attitude as that which I have just illustrated on the part of the British Government will play an important part in inducing the States individually and collectively to co-operate wholeheartedly in the building up of a greater India. For the same reason I would suggest the desirability of meeting so far as is reasonably possible the point of view put forward by my brother representatives of the Indian States on the subjects discussed during the sittings of the Federal Structure Committee. It will encourage the States to join the Federation if the generally expressed wish for a fifty per cent. representation in the Upper Chamber and in any case for one hundred and twenty-five seats therein can be gratified. If the States are assured that there will be no direct taxation of their subjects by the Federal Government, if pending questions like cash and other contributions are dealt with promptly and satisfactorily, if the Federal Court is confined to federal functions, and if any alteration of its functions or of the character of that Court stand in the category of an amendment of the constitution, if generally the States are made to feel that their feelings are respected and their sovereignty respected and their rights recognised, then all will be well.

Let me finally say that we of the Indian States, enjoying as we do a unique relationship with the British Crown, are certainly no less anxious than the leaders of British India that India should as a whole progress peacefully and in prosperity within the British Commonwealth. We have from time to time made declarations as unqualified and equally as unequivocal of our determination to adhere to the British connection. By that connection we are prepared to stand or to fall. But as true friends of Britain as well as true friends of India we are witnessing with grave concern the feelings of tension which exist at the present day in British India. Speaking for myself, speaking as a Delegate to the Round Table Conference, speaking as a member of an Order which has on many occasions given practical proof of their attachment to the British connection, and last but not least, speaking as an Indian, I will venture to say that I think it is important on every ground that this tension should be eased.

The promises which have been given to India during the war and after both by prominent statesmen of His Majesty's Government and by His Majesty's representatives in India have roused high hopes and expectations which must not be disappointed. The performance of these promises must go forward steadily towards complete execution. So, and so only, will the building of that greater India upon which we are now engaged progress steadily towards completion. If those promises are not performed I, for one, am afraid to think of the consequences which may follow. I am confident,

Mr. Prime Minister, that the Government over which you preside will give us all a lead which we can follow.

Dr. Moonje: Sir, I should first like to speak on a few minor points which concern me before I say what I have to say on the constitutional issue.

Referring to paragraphs 22 and 23 of the Third Report of the Federal Structure Committee, I have to say that the seats assigned to my Province are very few comparatively. They have been assigned seven and twelve seats respectively for the Upper and Lower Chamber. The population of the Central Provinces and Berar is fifteen millions odd, and that of Bombay and the Punjab is twenty-one and twenty-three millions respectively; that is hardly half as much more than that of the Central Provinces and Berar. Bombay and the Punjab get as many as seventeen seats each, that is, two and a half times more than Central Provinces and Berar. On the other hand, the North-West Frontier Province gets two and three seats in the Upper and Lower Chambers respectively, though its population is only two million odd. If we see the area of Bihar and Orissa, it is 83,161 square miles. My Province is 99,876 square miles. If we look at the revenues of Bihar and my Province, Bihar has a revenue of Rs. 5,78,22,212 and my Province has Rs. 5,35,87,994, very little difference, and yet Bihar gets seventeen seats and my Province is only given seven and twelve respectively. We have, therefore, to bring this matter to the notice of the Federal Structure Committee, and I hope by comparison it will not be an exaggeration for me to say that my Province will not be satisfied if anything less than ten and fifteen seats for the Upper and Lower Chamber respectively are given to it. It may appear from the general point of view a very minor point, but from the local and Provincial point of view my people are going to attach very great importance to this point, and I hope this point will be borne in mind by the Federal Structure Committee.

Then I have got to say a few words upon another minor point, that is, the fundamental rights of the subjects of Indian States. No provision appears to have been made for the defining and protection of the fundamental rights of Indian States subjects. It has an importance specially its own at the present moment. I do not in this House require reminding as to what is happening in Kashmir. The people of Kashmir feel a grievance about their rights and privileges; it may be right, it may be wrong, but anyway they feel a grievance and the grievance is so keenly felt that they have gone to the extent of taking the law into their own hands. It is not a question which is confined only to Kashmir.

It is a question of the fundamental rights of the people of the States; and from that point of view if an investigation were to be made, the condition of the people in other States would not be found to be in any way better and perhaps in some States worse. Therefore it has to be looked at from the all-India point of view with regard to the protection, with regard to the defining and protection, of the fundamental rights of the Indian States subject.

We certainly ought to owe a deep debt of gratitude to the leaders of my Mussulman brothers for having shown the way to the people of Kashmir as to how to fight for their rights and for the establishment of their rights, and how to bring their grievances to the notice of the Government. But at the same time it must be understood, and this caution must be taken, that the method does not become contagious; that people of other States do not feel impelled, if protection is not given to them, to take the law into their own hands in order to assert their fundamental rights.

Therefore, from this point of view—and it is a very important point of view because it involves the peace and prosperity of the whole of India—provision should be made in the constitution for defining the fundamental rights of the States subject and for proper and necessary safeguards.

I may now speak a few words about the minorities. There is not much I have to say, because whatever I have to say I have said in the statements I have handed in for incorporation in the Report of the Committee. But I wish to give a caution in the words of an admirable article that has appeared in the London *Times* a few days ago on the minorities of Iraq. That article says:—

> "The terms in which the Council of the League of Nations will advise the Assembly"—

that is the Assembly of the League of Nations—

> "to accept Iraq as a member of the League will probably be formulated next year."

India is already a member of the League.

> "There is every reason to hope that King Feisal's Government will then accept and implement all reasonable safeguards for the minorities; but in this connection it is necessary to warn their champions, and more particularly the friends of the Christian minorities, against excessive claims on behalf of their communities. They demand and deserve guarantees,"— to what extent?—"of impartial justice and religious liberty; but they will not prosper if they are encouraged to magnify their differences from and to minimise their points of contract with their neighbours. Nor will they attain political maturity any the sooner for being spoon-fed by benevolent Europeans. Oversolicitude may be as injurious as neglect to communities as well as to children."

I am convinced that this salutary caution is as needful in our case as it is found to be in the case of Iraq, and I hope this point and this aspect of the question will be borne in mind.

I may say a few words about the Minorities Pact. The mainstay of the Minorities Pact is the so-called Depressed Classes. Unfortunately or fortunately, rightly or wrongly, from the history of ages past, Hindu society has had its culture on the face of this earth. One of the prominent features of that culture is the caste system; and if every little caste is to be regarded as a separate

entity for recognition and for representation in the Legislature, I do not know where we will go. As far as the Depressed Classes are concerned, it is very difficult for an unstable and quickly vanishing quantity to be computed in fixed permanent numbers. The Congress and the Hindu Mahasabha on one side and the Arya Samaj and the Social Reforms on the other are carrying on intense propaganda for the removal of untouchability. Perhaps the Report of the Simon Commission itself on the question of untouchability is out of date in view of the present day conditions of India. Even as regards temple entry the situation has improved vastly as compared with what it was during the time of the Simon Commission. I therefore think it will be unwise and not statesmanlike, and certainly a positive disservice to the Depressed Classes, to give occasion for creating a vested interest in the Depressed Classes and stereotyping the difference. Therefore, from that point of view the question ought to be looked at with a view to seeing that the ultimate object is not to stereotype the Depressed Classes, but that untouchability and the Depressed Classes may disappear. So far as the line of argument I am taking is concerned, and from the aspect from which I am looking at the problem, it will be no exaggeration to say that the political interests of the Depressed Classes are not in any way separate from those of the general body of the Hindus.

As for the Christians, admittedly there is no unanimity amongst them as regards separate electorates. There is my friend, Dr. Datta, who has expressed his opinion. Last year the late Mr. Paul, whose place is ably filled by Dr. Datta this time, also expressed his opinion that the Christian community as a whole is not wedded to separate electorates. I personally have attended several conferences of all minorities, and particularly the All-Minorities Conference in Lahore recently, which was presided over by a very respected and influential leader of the Christian community; and there was no talk of separate electorates in that Conference. Therefore, so far as the question of the nature of electorates is concerned, this pact, which has been based on separate electorates, should not be taken very seriously.

So far as the British residents in India are concerned, they are also demanding separate electorates through their representatives here, but I hope my friends here have been reading what the newspapers have been saying on the subject as carefully as I have been. There have appeared in the London *Times* letters by the younger section, as it is called, of British residents in India, and they have been as clear and unequivocal in their condemnation of separate electorates as they could be. I shall quote only one letter as a sample, which will prove that even the demand of the representatives of the British residents in India at this Conference cannot be taken very literally to mean that they must have separate electorates and that they cannot do without them. The letter which I propose to read is published over the signatures of ten well known missionaries who are conducting nation-building activities in different parts of India. I am glad and proud to say

that one of them is Mr. Hoyland, who was a Professor in the Missionary College in Nagpur, where I received my education. The letter dated 23rd November, 1931, is as follows:—

Europeans in India.

> Sir, With reference to the present discussions concerning the political rights of Europeans in India, speaking for ourselves as missionaries on furlough in this country, and expressing the mind, as we believe, of most of our colleagues in India, we wish to make clear that the missionaries desire no special political privileges as Europeans in India.

I wish my friends who represent the British residents in India here, with such powerful influences behind them, would be generous enough to say that for the sake of the general welfare of India, they would give up, with generosity and goodwill, their demand for separate electorates. I need not read the names of the signatories to that letter; I shall hand them over to the office for incorporation into the Report.

It will be seen, therefore, that if we examine the Minorities Pact we shall find that with the possible exception of the Mussulmans the claim of the other minorities for separate electorates is not indisputable.

Sir Henry Gidney: Question!

Dr. Moonje: As for the Mussulmans, last year I sounded a note in one of my speeches before the Conference that even the Mussulmans might not be unanimous in their demand for separate electorates. That was only an intimation which came to me at that time.

Mr. Fazul-ul-Huq: Question!

Dr. Moonje: I have a right to speak and you have a right to question. At that time I had only an intimation; I had no proof at that time which I could bring forward with the assurance of at least appealing to the commonsense and reason of reasonable men.

Mr. Fazl-ul-Huq: Now is there confirmation?

Dr. Moonje: Now it is already well known to the world that there are two sections among the Mussulmans, one section which will not be content with anything less than separate electorates, while another section is agitating and struggling in India for joint electorates.

It will be no exaggeration—I do not want to exaggerate—it will be no exaggeration for me to say that that section is not insignificant. On the other hand, it aspires to prove to the world in competition with other sections that if a general referendum of the community be taken joint electorates would be the general wish and not separate electorates. That is their ambition. Therefore, so far as the question of joint or separate electorates is concerned and so far as it concerns the several members of the minorities representation who have formed themselves into the Minorities

Pact, it could not be said that their demand for separate electorates is indisputable. Beyond that I will not go.

Having said these few words about certain minor points I have now to say what I want to say about the constitutional issues. It has been said—at least I understand it in that way—that the work of the Federal Structure Committee cannot proceed to its legitimate end, that is defining and bringing about a constitution based upon Dominion Status and full responsible government, because of two obstacles, which perhaps are regarded as insurmountable. The first obstacle is that the Princes are not prepared to come into federation, though we are grateful to some of them—and they are very important Princes—who have expressed their willingness to come into federation immediately. But anyway it is said, or at least one is given to understand, that the Princes as a body have not at present made up their minds to come into federation. That is one insuperable, that is one insurmountable obstacle, we are told. The second obstacle is that the minorities problem has not been solved. I will take the first obstacle first, that is whether the Princes are willing to come into federation or are not willing to come into federation. Looking at the matter from the British-India point of view, I want to know whether, when this Conference was conceived and was convened, the point was all-India Federation or only Dominion Status and full responsible government for British India. So far as I have been able to find out by investigating into the history of the matter, when this Round Table Conference was first conceived there was no question of Federation. Federation was regarded at that time as a dim, hazy ideal on the horizon of the ultimate goal of constitutional union between Indian India and British India. The Federation of all-India was something to be realised hereafter, but was not a question of practical politics at the time. What greater authority can I quote than Lord Irwin, the then Viceroy of India, a man of great Christian virtues, a man of manly statesmanship? That Lord Irwin, that Viceroy, saw through the mistake that the British Cabinet committed here of appointing a commission called the Simon Commission which was not approved of by anybody that counted in India, and which was boycotted by everybody in India. (*Several Delegates:* "No, No.") I am glad to see there are some people who have the courage to say they did not boycott it. (*A Delegate:* "They did not.") I see some people who still have not the courage to say they did not boycott it. Therefore, if not the whole of India, at any rate the greater part of India boycotted it. (*Several Delegates:* "No.") I say, therefore, that any constitution made by the Simon Commission or by a Royal Commission or by any other Commission, any constitution that may be provided without the co-operation and consent of the people of India is not likely to work. It is said that a man who has burnt his lips by drinking hot milk always tries to blow over even cold whey before drinking it. Lord Irwin in his manly statesmanship thought this will not do, and he brought about this Conference. And how did he bring about this Round Table Conference and

with what idea did he bring about the Round Table Conference? In that is involved the germ of what we are expected to bring about in this Round Table Conference. In his statement of the 31st October, 1929, Lord Irwin says:—

> "But what must constantly engage our attention and is a matter of deep concern to His Majesty's Government is the discovery of means by which, when the Commission has reported, the broad question of British Indian constitutional advance may be approached in co-operation with those who can speak authoritatively."

The broad question of British Indian constitutional advance has to be considered after the Simon Commission has reported. There is no mention here of the Indian States, of the Indian Federation. Later on he says:—

> "As I recently pointed out, my own Instrument of Instruction from the King-Emperor expressly states His Majesty's will and pleasure that the plans laid by Parliament in 1919 should be the means by which British India may obtain its due place among the Dominions."

There could be no clearer, no more emphatic declaration that the ultimate object of this Conference is the evolution of a constitution for British India whether the States may come in or whether the States may not come in. When I say so, I do not desire to be misunderstood. I am not against the Federation; I am not for wasting all that work that has been done up to now. I shall welcome them—I honestly and sincerely say that I will welcome them, the Princes, with both of my hands, when they come to the Federation, but what I say is this that if the Princes do not make up their minds and cannot make up their minds for certain reasons of their own to come into the Federation immediately, that ought not to be made an obstacle in the way of the evolution of a constitution for British India, because it will go counter to the pledges given by the Viceroy in his statement, and I do not wish that the British Cabinet may give one more instance to the people of India to say that here a clear pledge has been violated by the British Cabinet a second time.

The Viceroy goes on further and says:—

> "I am authorised on behalf of His Majesty's Government to state clearly that in their judgment it is implicit in the declaration of 1917 that the natural issue of India's constitutional progress as there contemplated is attainment of Dominion Status."

Therefore it is perfectly clear, as clear as daylight, that if this logic is to be taken into consideration the ultimate object of the discussions of this Conference is to evolve a constitution for British India irrespective of whether the Princes come in or do not come in. And further on Lord Irwin says: "In the full realisation of this policy" that is the declaration of 1917 in which the grant of

Dominion Status to British India is implicit—" in the full realisation of this policy it is evidently important "—look at the language—" it is evidently important that the Indian States shall be afforded an opportunity of finding their place ". I am quite prepared to give them full opportunity to find out their place in my house, the constitution of British India, and when we shall build up the British India we shall leave what the architect called the lines of extension in the walls so that when the Princes will come in the thing will be automatically expanded to accommodate them. Lord Irwin says:—

> " In the full realisation of this policy it is evidently important that the Indian States should be afforded an opportunity of finding their place, and even if we cannot at present exactly foresee—."

At the time when the Declaration of 1917 was made, when the Declaration of 1919 was made, and when the meaning of that Declaration was expressly stated to be Dominion Status and full responsible government for British India—even at that time Lord Irwin could not see the possibility of immediately bringing the Princes into the Federation of India. Therefore, my point is, that we should not allow the inconveniences, the natural difficulties, the hesitations of the Princes to come into the Federation immediately, to be an obstacle in the way of the consummation of our Federation of British India.

Lord Irwin says:—

> " —that Indian States should be afforded an opportunity of finding their place, and even if we cannot at present exactly foresee on what lines this development may be shaped, it is from every point of view desirable that whatever can be done should be done to ensure that action taken now is not inconsistent with the attainment of the ultimate purpose which those, whether in British India or the States, who look forward to some kind of unity of all-India have in view."

Therefore, I say if the constitution for British India be evolved, and if it be the pleasure of the British Government to grant us Dominion Status and full responsible Government, it will not be inconsistent with the ultimate idea of a Federation of the whole of India which the Princes can come into at their pleasure and at their convenience, and with their difficulties solved.

Yesterday, my friend, Sir Manubhai Mehta, I think, made it quite clear that it will be easier for the States to federate with a British India having full Dominion Status and full responsible government than with a British India without those qualifications. I have understood him to mean that, and I hope I have understood him rightly.

Now, I should like to know what is the meaning of Dominion Status. The meaning of Dominion Status may be different in the

minds of different people; but, as Lord Irwin has said, any constitution to which the people of India will not consent will not work in India. Therefore, the question as to what people think is the meaning of Dominion Status acquires importance.

I am now here speaking as a representative of the Hindu Mahasabha, which is an organised body, a well-disciplined body next only to the Congress. As its working President I have been given a mandate by the Hindu Mahasabha to say what meaning it attaches to Dominion Status. I have been told that it should be regarded as my duty to take this opportunity of informing the British Government and British people as to what the idea of the Hindu Mahasabha is as to Dominion Status and full responsible government. The Hindu Mahasabha held its annual session in August, before I left India, and certain resolutions were adopted. The mandate that is given to me is based upon those resolutions, it has given me a mandate, based on these resolutions, to inform the British Government and the British people:—

(1) that the people of India are in no mood to be satisfied with anything less than immediate Dominion Status and full responsible government. The status connotes to them control of the Army, foreign relations, finance, and fiscal policy;

(2) that the Mahasabha, while believing that the people of India are capable of taking immediate charge of this control, is prepared to agree, as a matter of compromise and accommodation between the British and Indian interests, to a period of transition, during which this control may pass gradually from the hands of the British to the hands of Indian people;

(3) that this period of transition need not be more than from ten to fifteen years;

(4) that during this period of transition the Ministers in charge of these Departments be appointed by the Viceroy and be responsible to him and not to the Legislature; but they should be chosen from amongst the elected Indian members of the Indian Legislature, so that the period of transition may be utilised by Indians for learning the art of this control;

(5) that henceforth annual recruitment for commissioned officers in the Army be made from among the people of India, subject to the standard of efficiency which is applicable to the British officers, provided that it may be open to the Government to recruit in England to fill up such of the vacancies as may not be filled up in India;

(6) that the bar that exists against recruitment in the Army of certain classes and castes based on the artificial distinction as belonging to the so-called martial and non-martial classes be done away with immediately, and the ranks of the Army be thrown open to all ranks and classes,

subject, of course, to the test of efficiency, so that the Army may be made truly national.

It is a great pity that the Defence sub-Committee, which did such good work last year, was not convened this year. It is a great pity. I do not want to say so, but it is really a matter of great grievance to us that the Defence sub-Committee was not convened. The Defence sub-Committee made recommendations for the appointment of two Expert Committees. One of the Expert Committees was appointed by the Government of India, and I had the honour to serve on that Committee. That Expert Committee has made its Report, and in the natural course it was expected that that Report would come up for consideration before this Defence sub-Committee of the Round Table Conference. I do not know why, but that Committee was not convened. It is my duty, however, to inform the British people and to inform the British Cabinet what the feelings of the people of India are in respect of the majority recommendations of that Expert Committee.

I will not take much time over it, but, in one word, I will say that the people of India regard the recommendations of the majority of the Expert Committee, from which the majority of the non-official members of the Committee have dissociated themselves, as nothing short of a breach of faith, judging from the spirit that was prevailing in the discussions last year of the Defence sub-Committee. I have made this point very clear in my note of dissent attached to the Report of the Committee, and I think, and my people in India have told me, that it should be my duty to inform the British people and the British Government that the recommendations of the majority Report of that Expert Committee are not looked upon by the people as anything short of a breach of faith.

I will mention only two instances. The first is the intake and the inordinately high proportion of nominations that have been fixed. This is a vital point with Indians, and therefore I may be excused if I use a little strong language in this matter. The annual intake for the college has been fixed at sixty by the Government, and out of these sixty as many as thirty-six have been reserved for nomination by the Commander-in-Chief. I have argued in my note of dissent that it was the inherent right, acting under the resolutions of the Defence sub-Committee, of that Expert Committee to decide what should be the intake of that college. The Government of India had no status except that of an agent carrying out the resolutions of the Defence sub-Committee. Unfortunately, however, they thought otherwise. They decided otherwise. They decided that only sixty cadets should be admitted into the college and no more than that.

The people of India think—I am using strong language again—that what appeared to be given to them in the resolutions and recommendations of the Defence sub-Committee has been given, as it were, with the right hand, and the left hand which exists in

India has taken away all of it, or most of it. It is this feeling of distrust, it is this feeling of want of confidence, it is this feeling of grievance which rankles in the hearts of the people, that on the vital question of defence the position has been tampered with in a way not authorised or sanctioned by the Defence sub-Committee. Thus the non-calling of the Defence sub-Committee assumes an importance of its own and does not contribute to the re-habilitation of trust in the Government.

It is a great pity the Defence sub-Committee was not convened. I took the precaution, thinking that the matter might have been forgotten, of writing to the Secretary of State for India and requesting that early steps be taken for convening a meeting of the Defence sub-Committee, but unfortunately he did not find it convenient or possible to convene a meeting of the Defence sub-Committee. He has needlessly given cause for a grievance which is rankling in our hearts.

As for the second obstacle, the minorities obstacle, it has been said that the Federal Structure Committee could not complete its work because of the obstacle presented by the fact that the minorities problem had not been solved.

, The minorities problem has not been solved by agreement. There is no use denying that. But there is also the consciousness—at least in my mind, and I hope that that consciousness will sink into the minds of the other parties—that if full Dominion Status and full responsible government as mentioned above are given to India by the British Government the solution of the minorities problem by mutual agreement will follow easily. The parties will then see what they stand to gain or what they stand to lose if they come to an agreement or if they do not come to an agreement. They will know then that they are standing on their own feet and they will see what they will lose if they do not come to an agreement. In those circumstances what appears at the present time to be an insuperable difficulty will immediately disappear. There is a consciousness in my mind that if responsible government was assured to us by the British Government it would not take more than twenty-four hours to come to an agreement on the minorities problem.

But supposing we did not still come to an agreement, the position still would not be hopeless. I am not hopelessly daunted by the problem. There have been minorities problems in the world before now, and we have got the League of Nations established, one of the main purposes of which is to prevent minorities problems becoming a menace to the peace and progress of the world. Why should we not apply to the League of Nations, and ask them to deal with our minorities problem as they are dealing with the minorities problems of the nations of Europe and the entire world? If I myself were in the Government I should think a hundred times before taking the responsibility of deciding the minorities problem myself, because of the inevitability that one party or the other or perhaps both parties might be dissatisfied, and as such the Govern-

ment would have the odium of not having decided the question rightly. But if a third party like the League of Nations, which was brought into being for this very purpose and has made this work a very speciality of its own, gives a decision on the communal problem of India, the hands of the Government of India will be strengthened in forcing that decision on the people because it will have come from an impartial body. That is not merely my own opinion. I stand in company with greater persons. It should be noted that no less a person than the British Foreign Secretary, Mr. Arthur Henderson, presiding at a meeting of the Council of the League of Nations in January last after an amicable settlement of the questions at issue had been reached between representatives of the German and Polish Governments, emphasised that " the system of the protection of minorities inaugurated by the League of Nations was now a part of the public life of Europe and of the world ". That is the opinion of no less a person than the British Foreign Secretary. Other persons also from amongst the British Delegation have expressed the opinion that really if it comes to that they will have no objection to handing over the problem for solution to the League of Nations. Therefore, it cannot be said that it must be taken as an insuperable obstacle in the way of the evolution of a constitution for India. Besides there has been a proposal from Mahatma Gandhi and others that the matter should be handed over to a judicial tribunal for impartial arbitration. The point I want to make is that the minorities problem cannot be taken as an insuperable obstacle in the way of the evolution of a constitution for India.

I am not in the habit of making sentimental appeals because my temperament is quite otherwise, but now I am going to make an appeal in my own way. I come now to pour out my heart before the British people and the British Cabinet. Perhaps the time has come in the history of the relations between India and England which can be compared with the time that was, about one hundred years ago, between America and England.

On one point let there be no misunderstanding: the people of India are determined to have their Dominion Status. They will fight to the end for that purpose. On that point let there be no misunderstanding. The people of India even to-day have no hatred for the British race. They feel that up to now the British people have done well, and they still hope they will come down to accept what we are demanding at the present moment, but let it not be five minutes too late because that will take away all the grace from the act. I hope and wish that the British Cabinet at the present moment will take time by the forelock. I hope they will remember their history and not repeat the mistake again.

With these few words I close my speech.

Rao Bahadur Srinivasan: Prime Minister, I am thankful to you for giving me this opportunity to take part in these deliberations. This is the first time I am rising to speak and I believe it will be the last. The cause of the Depressed Classes has received

very little sympathy in this Conference. In some quarters it has evoked armed neutrality. In others armed hostility. In view of this may I crave your indulgence for a full statement of the position of myself and my colleague, Dr. Ambedkar?

The demands of the Depressed Classes have been formulated by us in two separate memoranda which we have submitted to the Conference. Our principal demand is for special representation through separate electorates. Permit me to say that ours is a demand which is not only just, but which is accepted to be reasonable by others besides ourselves. Take our demand for special representation. Ever since the declaration of August 20, 1917, made self-government as the basic ideal of British policy in India, special representation for the Depressed Classes has been accepted as a condition of political advance in India. In the Montagu-Chelmsford Report this claim of the Depressed Classes has found ample recognition, as a result of which the Depressed Classes have been enjoying special representation in the Provincial and Central Legislatures. Three years after, in 1923, the Muddiman Committee examined the working of the constitution framed in consonance with the Montagu-Chelmsford Report. It not only endorsed the system of special representation of the Depressed Classes but recommended an increase in the extent of representation granted to them. The Muddiman Committee was followed by the Simon Commission. That Commission not only upheld the principle of special representation for the Depressed Classes but gave it much larger recognition than it had ever received before. Lest it should be assumed that the Simon Commission being entirely British in its composition deliberately planned this blow at the Hindu ascendancy, let me point out that the Simon Commission was assisted by various bodies which were overwhelmingly Hindu in their composition. There were first of all the Provincial Governments which submitted to the Simon Commission descriptive memoranda and concrete proposals for political reform. Secondly there were Provincial Simon Committees constituted from Provincial Legislatures and the Indian Central Committee which submitted proposals for the future constitution of India. All these Central and Provincial Committees which worked with the Simon Committee agreed that there must be special representation for the Depressed Classes. The matter does not end there. We have had circulated to this Conference the Despatches of the Provincial Governments and of the Government of India reviewing the proposals of the Simon Commission. Is there any Government Provincial, or Central, which has dissented from the recommendation of the Simon Commission in the matter of the special representation of the Depressed Classes? Let me take the demand of the Depressed Classes for *separate electorates*. This demand is looked upon as an extraordinary demand. We are told that we are part and parcel of the Hindu community and that separate electorates would cause a severance between the two. With due respect to those who advance this argument I must say that we fail to see its force. The Depressed Classes live a completely isolated life

from the rest of the Hindus. The Hindu priest will not officiate at the house of an untouchable; and will not allow him to enter his temple. The Hindu barber will not shave him. The Hindu washerman will not wash his clothes. The Hindu will not eat with him much less intermarry with him. We can conceive no greater social separation between any two communities than that which exists between the touchable and untouchable Hindu. Consequently it is not a case where we need follow the Biblical admonition which says " Whom God hath joined together let no man put asunder ". It is a case of recognising the separation that in fact exists. Another consideration urged against separate electorates is that they will perpetuate the difference. This again we are unable to follow. No one will be conscious of separate electorates except on the polling day which will come once in five years. What is it that can prevent our Hindu friends from working for the rest of their days to establish social intercourse between touchables and untouchables and thereby help to abolish untouchability?

What we say is, however, that the question of electorates for the Depressed Classes is not to be looked at from the point of view of what effect it will have upon the Hindu religion or upon Hindu society; it has to be looked at from one point of view, namely, what sort of electorate will give the Depressed Classes real representation. It will no doubt be said that the Simon Commission recommended joint electorates and reserved seats for the Depressed Classes, but to say this is, in our opinion, to misunderstand the Simon Commission, for the Simon Commission did not recommend joint electorates pure and simple; it recommended joint electorates with a system of certified candidates.

The reason why the Simon Commission recommended the system of certified candidates is just the reason why the Depressed Classes want separate electorates, namely, that in joint electorates pure and simple the representatives of the Depressed Classes would in all probability be the nominees of the caste Hindus, which would be defeating the whole purpose of their representation.

The Depressed Classes have condemned the recommendations of the Simon Commission both on the ground that certification of the candidates deprives the electorate of their rights to choose their representatives, and also on the ground that the Governor who has to certify may not always be an Englishman and, if he happens to be a Hindu, may use this power of certification in the interests of a party instead of in the interests of the Depressed Classes.

That the Depressed Classes want separate electorates pure and simple for some time to come, and that they would never consent to accept joint electorates until there was adult suffrage, is abundantly made clear by the telegrams we have circulated to members of this Conference, and those who wish for additional evidence on this point may be referred to the Despatch of the Government of India on the Simon Report.

We take our stand on the proposition that in the matter of minority protection the wishes of the minority should prevail; but let it not be supposed that the demand for the Depressed Classes for separate electorates has no support from other quarters. It has in fact received support from very high and quite unexpected quarters. Three Provincial Governments have objected to the Simon Commission's recommendation of joint electorates and certified candidates for the Depressed Classes and have recommended separate electorates. They are the Government of Bombay, the Government of Madras, and the Government of the United Provinces. The Government of the United Provinces has put the case so well that I am tempted to quote the following passage from its despatch:—

> "The Commission themselves admit that separate electorates are more likely to secure the return of an adequate number of persons who enjoy the confidence of the Depressed Classes. That admission suggests the vital objection to their proposal, namely, that in the general non-Muslim constituencies the Depressed Class voters will be far outnumbered by the other voters and the members returned will be those who are supported by the majority of voters, as distinct from the Depressed Class voters. The Commission's proposal will not in fact give the Depressed Classes members who will be trusted by them to represent their special interests. The alternative is separate electorates. These no doubt have their own disadvantages, but if the initial difficulty of creating an electorate can be overcome, this Government consider that these classes should not, on a purely theoretical ground, be denied a privilege which has already been given to Muslims and Europeans and which it is proposed to give to Indian Christians and Anglo-Indians. The objection that such an electorate will involve stigmatising each elector and will militate against his rise in the social scale is not one that is likely to weigh with those principally concerned, and if the representatives in the Legislature must be stigmatised, and even the Commission's proposal involves this, there seems no reason why the voters should not be. It is at least arguable also that the position of these classes is more likely to be improved by securing real representation in the Local Legislature than by the ineffective form of representation suggested by the Commission."

Sir, let me take the question of the number of seats we have demanded. In regard to this matter that we all know, there have been two opposing views.

The Congress view is that no minority should get more than its population ratio. The minority view is that there must be weightage over and above the population basis. Now in the proposals in the Minority Pact submitted to the Minorities Committee what is the representation we have claimed? In Assam, Bihar

and Orissa our representation just approaches our population ratio. In Bengal we have given up 8 per cent., in Central Provinces 4 per cent., in Punjab 3·5 per cent., and in United Provinces 6·4 per cent. from our population ratio of representation. In the Central Legislature we have given up in the Upper Chamber 50 per cent. and in the Lower Chamber 25 per cent. from what we would be entitled to on the basis of population. It will thus be seen that we have not taken full benefit even of the accepted principle that the representation shall be according to population. True, we have claimed weightage in Bombay and Madras because the circumstances of these two Provinces make such weightage an absolute necessity. But even here we have not claimed the same weightage as the Muslims, nor has our weightage reduced the position of the caste Hindus. What objection there can be to this part of the claim of the Depressed Classes we are unable to see. The question is often asked—have you the men to fill these seats? Insinuation apart, the answer to this question depends upon what sort of men are wanted. We may not be able to put forth an array of B.A.'s and M.A.'s who will confound the Legislature with their oratory. We may not be able to produce men who will sit on the Treasury Bench or on the Front Opposition Bench. And we do not need to. Our aim is not to run the government. Our aim is to see that the government is not run against us. For that purpose we want men who know our conditions and who will voice our grievances. For this task we have men in abundance who will hold their own. But what surprises us, however, is that this question " Have you the men to fill these seats? " is asked only of the Depressed Classes. It is not asked of the Sikhs, the Muslims or any other minority whose claim for seats far greatly exceeds that of the Depressed Classes. Yet what is the calibre of the men who represent these minorities in the existing Legislatures? In the Bombay Legislative Council nineteen members are allotted to Sind. Of these nineteen members some fourteen do not know a word of English, have never taken part in the debate and have never even asked a question. In the same Council there are some seven seats reserved for the non-Brahmins —of these there are always one or two who do not know English. In the Madras Legislative Council there are four members who do not know English and two of them belong to the non-Brahmin party. In the Punjab Legislative Council there are one hundred members. Of them only twenty know English. The rest deliberate in their mother tongue. Similar instances will no doubt be found in other Provincial Legislatures and we may point out that even the Assembly is not without its non-English-knowing members. Now if the Legislature can be run with non-English-knowing representatives of other communities why should they object to the Depressed Classes being represented by non-English-knowing members? We recognise the importance of the English language and we hope it will continue to hold the same high place that it holds now. But to lay it down as a qualification for a representative is another matter. It may satisfy those who want

a stick to beat down the claim of the Depressed Classes. There can, however, be no doubt that to insist upon such a wild proposition would be pernicious, for it is bound to crush the genius of the people and to deprive them permanently from participating in the institutions which are being forged for the express purpose of promoting their welfare by their own hands. We therefore say that this objection is groundless even if it was honest.

Prime Minister, this Conference was called with a twofold purpose. It was called to discuss the ways and means of realising in practice the declaration made by Lord Irwin that the goal of the British Government in India was to raise her to the status of a Dominion within the British Empire. The second purpose of the Conference was to allow Indians to decide for themselves in consultation with His Majesty's Government the sort of constitution they thought best in the interest. In pursuance of this policy Indians, representative of the different faiths and classes were invited to take part in these deliberations. The Conference which met last year agreed that subject to two conditions India should have a full measure of self-government. Those two conditions were (1) Security for the minorities and (2) Reservations for the period of transition. The question regarding the protection of minorities remained unsolved and the question of the precise form of reservations was left over for want of time.

This Second Session of the Round Table Conference was called mainly to deal with these two questions and we had hopes that the Conference would end with a solution for them. Unfortunately the Conference has failed to come to any agreed solution on these two vital questions and disguise it as much as we may this fact has for the present at any rate darkened our horizon. As we all know the Conference has tossed about from side to side between these two questions only to reveal that there exists a fundamental difference which has divided it into two camps. To one camp the main chapter in the constitution is responsible government, and the reservations to be imposed upon it and the question of minorities is a mere matter of footnotes and appendices which may be written after the main chapter has been drafted. To the other camp in which we the Delegates for the Depressed Classes find ourselves, the minorities question is itself the main chapter. This difference is perhaps reconcilable but I will make bold to say that no serious attempt was made to reconcile this difference.. Indeed, as far as the Depressed Classes were concerned the negotiations for a settlement started with the repudiation of their claims by one party to the deal with the result that we are far more apart to-day than we ever were. So much so that there is not the possibility of an agreement on the question as to whether or not the matter should be left to your arbitration.

This reticence on the part of our Hindu friends to define their attitude towards the political demands of the Depressed Classes has come to us as a surprise. They have been insisting upon the British Government to define its attitude towards the political demands of Indians in terms of concrete proposals. We thought

that they would also in their turn define their attitude towards the political demands of the Depressed Classes. They have not thought it wise to do so for reasons best known to themselves. It is not for us to tell them how they should act in a case of this sort. Statesmanship we know is on their side. But we can tell them one thing without mincing matters. It is this. If you ask us the question " Are you in favour of a responsible Executive? " we can answer that question by asking in return another question : " What is the sort of Legislature to which you propose to make your Executive responsible? " The composition and the character of the Legislature are to us determining factors in regard to the question of responsible government. In our opinion the measure of responsibility we could consent to is intimately bound up with the measure or representation the Depressed Classes would get in the Legislature. If the Depressed Classes got no place in the Legislature we would oppose the introduction of responsible government. If the Depressed Classes are given the representation which they think is sufficient for their protection we would consent to the fullest responsibility that may be found consistent with safety and security. That is our attitude and we have no hesitation in saying that we cannot be accused of bad motives who say " Show us your representative Legislature and if it is such that we can put our confidence in it we will gladly consent to consider the measure and manner in which the Executive should be made responsible to it ". To this question no answer is forthcoming. It will not come forth till the minorities problem is settled. That problem, far from being settled, is completely shrouded in darkness and so far as the claims of the Depressed Classes are concerned they have been denied recognition in some quarters. Under these circumstances we are not prepared to lend our support to any scheme of responsible Government. And the questions whether India should advance by stages or all at once and what form the advance should take are to us premature and remote questions on which it would be useless for us at this stage to express our opinion.

There are three observations with which I wish to conclude this statement. First is that we entirely discount the suggestion that our special representation will cause harm to our interest inasmuch as it will stamp us with the special mark of untouchability. Our view is different and it is that it is better for a sick man to reveal his disease and get the right remedy so that he may be cured of it some day. It would be fatal if he concealed it out of shame and failed to seek his remedy in time. We therefore refuse to be foiled in our attempt to secure the real protection that we need. Second is that the enactment of fundamental rights or the abolition of untouchability by law will not suffice. The elimination of untouchability by law is one thing. Its elimination in fact is another and more important. The latter is a question of legislative and administrative action which alone can equalise our position with the rest of our fellows. This will be impossible of realisation unless the Depressed Classes have sufficient power to control the Legisla-

ture and through the Legislature the Executive. Thirdly we must have our rights and safeguards embodied in the constitution. We refuse to accept the word of any individual, however highly placed, to guarantee our position in the future.

Mr. Prime Minister, I have done and I thank you again for your indulgence.

Dr. S. K. Datta : Prime Minister, there are a few of us who are survivors of a past age, that of the Assembly of 1924-1926. There are some of us, not more than seven or eight of us, who voted for a Resolution in March 1924 asking the Government of India to summon a Round Table Conference. At that time, Sir, we were told—perhaps on no substantial grounds—that that particular proposal was not favoured in the Viceregal Lodge in Delhi. It was this morning a real pleasure to hear Lord Reading make his declaration regarding his belief in the method of negotiation. Before this small group, however, passes a vote of appreciation regarding its own prescience, we shall await to-morrow and the declaration that will be made, so that we may know whether our original labours of 1924 are going to result in something that we looked upon as necessary and asked for at that time.

Now, Sir, this afternoon I want to place before you one or two considerations regarding our position. Among us here there are two communities which were excluded from the Federal Structure Committee, namely the Anglo-Indians, who constitute a hundred and fifty thousand persons, and the Indian Christians who are roughly about six millions in India.

There are other smaller communities which are represented, such as the Sikhs and the Europeans. As you will recognise, Prime Minister, I have never made any communal claim, but, if you will permit me, I will make a communal hint. Apparently not much recognition is given to a community until it has proved its capacity to make itself troublesome to the administration. When it does that, then it begins to get recognition. We Christians have not yet proved that we are able to give trouble.

In the second place, we have had a special interest in the Federal Structure, and in this question of Federation, because the most highly developed and most educated portion of the Indian Christian community are in the State of Travancore. One third of the population of that State is Christian, and I should like to take this opportunity publicly to acknowledge the fair and just way in which the dynasty which presides over Travancore has dealt with the Christian community. The Christians have not been given any special protection, they are a part of the general population, and as voters of the general electorate. Whenever I visit Travancore I am impressed by the predominant part they play in that State and of the opportunities thus given to them by the Travancore Government.

Now, we as a Conference have failed with regard to a communal settlement. We were told that if an agreed solution emerged the general problems would be settled. I for one very much doubted whether that solution would be forthcoming. It could hardly be

forthcoming, for when everybody is asked to set forth his claims, it becomes impossible to adjust those claims one with another, and I feel that possibly we ought to have used other methods in trying to reach a settlement. What those methods should be I need not go into here, but there are certain things, Prime Minister, which I want to say.

Our present constitution makes provision for the representation of economic groups; that is to say, Chambers of Commerce, jute manufacturers, colliery managers and similar interests. The British traders form a constituency in the Madras Presidency and they are only eight in number; that is to say, eight persons vote and return one member to the Madras Legislative Council. It seems to me that as we already have something of this sort there is no reason why it should not be extended. Mr. Joshi has put in a plea in this connection, and I support it, but why should not it be extended to agricultural labourers? I believe a part of Mr. Srinivasan's constituency would be included immediately by that method. It seems to me the natural method in India is to give representation by vocation. I merely suggest one way, but I do not press it particularly.

Why have we abandoned all hope of the method of proportional representation? I do believe there is a great deal we might do even at this late stage by applying the principle of proportional representation to Indian electoral problems. But whatever you may do or may not do there is one thing I would ask of you, Mr. Prime Minister. Will you ensure that those of us who have real fundamental conscientious objections to voting on a communal list should be permitted to contract out and put ourselves on to the general list? We ask that for the sake of our own personal freedom. We do not want to be put in with a group of persons with whom we cannot have general sympathy.

I feel I must make some mention of federation. Those of us who have studied the history of the growth and evolution of the British Commonwealth of Nations realise that it has become more and more clear to the British people that there is such a difference between free States on the one hand and States that are not free on the other that they could not be combined in the same system. In a similar way I sometimes wonder whether we are not trying in India to bring together free States on the one hand and autocratic groups on the other. I wonder whether you can combine the two together. I merely want to utter a word of warning that we should at any rate in our future development in the idea of federation make certain conditions precedent to the coming in of particular units. I do not refer only to Indian States. Take, for example, the North-West Frontier Province. Sir Abdul Qaiyum had my warmest sympathy in the demands he made, because I believe that we need a free Frontier Province to come into this federation and so long as the North-West Frontier Province is not free it ought not to come into the federation. I therefore support him in every one of his demands with regard to the freedom of the Frontier Province. What are

we going to do if we get this Federation now? Are we going to entrench all the autocracies of India at the Centre? Perhaps our fate is not going to be so bad as that, but at any rate I wish to utter a word of caution.

The second point I wish to emphasise is the interest of the masses. Mr. Gandhi has from time to time told us about the masses, and that the constitution must be built up to fit them and not built up to fit ourselves. That is to my mind something which is fundamental. I have been present as an outsider at meetings of the Federal Structure Committee, and I have heard discussions on commercial discrimination and who shall trade and who shall operate the finances of India, who shall take the profits that accrue, and what kind of merchants shall be permitted to obtain a livelihood in India. The consideration that came into my mind was what is the good of talking about the livelihood of merchants. What about the livelihood of the ordinary people? A constitution must have certain economic foundations and if these are not properly laid you cannot build up a constitution that will have stability. You cannot have a constitution giving political independence to the people unless you build it on adequate economic foundations. That is one of the dilemmas in which I find myself. Why is Dr. Ambedkar here? Is it to protect against social discrimination? Or is it because of the necessity which lies on him to ensure a livelihood to the semi-starved millions of his community? Why are the Muslim delegates present here? Is it merely to protect Muslim culture, or is it to defend those masses of the people who to-day bear the main burden of agricultural indebtedness in the two Provinces of the Punjab and Bengal?

Mr. Prime Minister, I was a signatory of a letter which was sent to you. You have had a great number of letters and possibly you will not recall the specific document signed by some of us which suggested to you that provincial and federal development could not be separate; they must go hand in hand together. I stand by that, but I would like to ask one thing: where are the people of India? They are not in the Centre—there are no people there—the people of India are in the Provinces, in the districts. Having said that, I feel the only way in which you can develop these people of India at this particular time is somehow or other to lift from the Provinces the incubus, the financial, the administrative incubus and even the moral incubus of the present Centre. Until that is raised you are not going to get freedom for the people. When you lift this burden, then alone will there be freedom. For many years now I have had to travel and I have been to parts of the world not much visited by Indians of our class. For some months I was a guest of friends in China. I quite realise the terrific things that are happening in China. Those of us who happen to know things with a little nearness do not wish those catastrophes to overtake us in India, the lack of Central Government for instance, a government which does not operate. We do not want that. Nor do we want a military dictatorship, which is worse. But take a city like Canton. I spent a

week in Canton, which it has been believed was ruined by Communists and had a most unhappy population. Now I have lived in Calcutta for ten or twelve years but Canton was seething with a desire for improvement such as I have not known in Calcutta with its history of a hundred and fifty years of good government. There were all kinds of schemes on foot, civic amenities, tramway services, new streets, new gardens, new parks. Among the teachers, in whom I am always interested, and in matters of education I found a spirit I did not find among my own; here they wanted to work out new and great things. Here was the revoluntionary spirit showing its best side.

One of the reasons why this incubus of the Centre should be raised from India is that you might get the revoluntionary spirit of India released into constructive channels in the Provinces. To-day it is not being released into constructive channels; and this we must somehow effect.

Sir, before closing I want to refer to one matter already referred to by Dr. Moonje, namely, the establishment of equality. Sir, within three years possibly there may be some Indians who may raise a monument to the unimplemented promise made to India nearly a hundred years ago when the Charter Act of 1833 laid it down that there should be no discrimination on the grounds of race. I want to ask: Has that promise been implemented?

There are things which can be done which I believe will help you to create trust between yourselves and India. There is the taking away of all these discriminations and the taking away of distrust between yourselves and Indians. That spirit of equality must go abroad. Wherever I go I find Indians complaining that there is not equality. I was the guest of a merchant community at Kobe in Japan where there were a hundred and fifty families or so of Indians. They told me how they were unable to obtain facilities because they were Indians. Apparently British-Indian subjects abroad, in Japan and in China and elsewhere, are looked upon as a sort of inferior British subject. I want here personally to acknowledge the generous way in which I was treated by all the British consular officials: but I want to tell you the sort of general feeling amongst Indians who are abroad. We have got somehow or another to mend that feeling and make it better. The problem of India to me is not wholly a problem of a constitution, though I agree a constitution is necessary; it is very largely a problem of what the Americans call human engineering; that is to say, giving people a chance; bringing them up from the bottom and putting them on their feet; rebuilding the economic foundations of the country.

Sir, we wait with great interest your declaration to-morrow. I do trust that those of us who originally voted for that Resolution in 1924 will not go away disappointed.

Mr. Wedgwood Benn: Prime Minister, my first duty—and it is a pleasure also—is to thank you, Sir, for giving me and my fellow Delegates of the Labour Party an opportunity of continuing as their

representatives at this Conference, although we are no longer Members of Parliament. It is a very great privilege. Indeed I am sure I am expressing the opinion of every man and woman in this Conference when I say we all feel it a great privilege to participate in these proceedings. Acquaintances have been formed; they have, in the jargon, ripened into friendship, and the spirit of trust has been fostered.

So far as educational work is concerned, speaking as one who for a short time attempted to discharge the heavy responsibilities of a Secretary of State, I would say that I learnt more in a month of Conference than in a year of files. Practical questions, even remote from our immediate discussions, have been treated. I wonder how long it would have taken to get the necessary advance—even the advance that has been made in the North-West Frontier Province if it had not been for its distinguished representative here, Sir Abdul Qaiyum beginning with that fanciful speech at our very first sitting about the flea in the breeches. Prime Minister, there is a spirit of fraternity in this Conference; there is a spirit of equality in this Conference well befitting the soil of freedom on which it is held.

I do not know what will be remembered as the most famous statement made in the Round Table Conference. Sir Akbar Hydari conferred a peerage on Mr. Joshi in my hearing; but I think perhaps the most famous was the lapse of tongue by Dr. Ambedkar when, without signs of dissent from Their Highnesses he referred to "my brother Princes."

Prime Minister, what a change in the method of treatment of Indian Affairs this Conference represents! Two years ago what was the British attitude towards Indian problems? It could be expressed in the nursery words, "Shut your eyes and open your mouth and see what somebody sends you." That is gone. Do you remember that two years ago your Government, then in a minority, stood its trial before the House of Commons because it had ventured, in advance of the Report of the Statutory Commission, even to outline the goal of British policy? It escaped with a verdict of not proven. Those days, Prime Minister, have gone. We shall hear no more of tutorial Commissions. No one would venture for very shame to get up here and read out the second, third and fourth paragraphs of the Preamble of the Act of 1919. The days of dictation are gone.

The days of dictation are gone, without a section or a sub-section of an Act of Parliament being changed. The days of unilateral dictation are gone, and the days of conference are come; and for all time in the treatment—I do not say solution—of the Indian problem we shall follow the lines of free, equal negotiation and conference. That is indeed a great gain.

Prime Minister, despite all that has been said in the press about the differences that have been exhibited at this Conference, see how much nearer we have got in many matters to agreement. The general outlines of the Delhi Pact, as it is called, the note of conversations between Mr. Gandhi and Lord Irwin, were federation,

safeguards, responsibility. They have been filled in at this Conference to some extent. Take even a matter like the Army. I think it is generally felt that the British Government must be in a position to discharge its responsibility to Their Highnesses. It is generally recognised—a point often overlooked in this country—that it is the Indian taxpayer who pays for the army, and on some basis of contract has been outlined a possible solution for this intractable problem. Furthermore, it has been generally recognised that it is necessary that in some way the popular representatives of Indian opinion should be in a position to develop, and develop rapidly, these methods of self-defence which, as the Mahatma truly said, are not an accident but an incident of self-government.

Even in the matter of finance, Sir, certain propositions have been universally accepted. It has been agreed that the credit of India must be maintained by the punctual discharge of her obligations, and a scheme has been outlined by which the necessary authority might be given to the Indian Finance Minister, thereby creating in the minds of investors some of the confidence which is supposed to be felt at the present, but always regarding the problem not with British eyes but with Indian eyes.

On the question of commercial discrimination, owing largely to the persuasive and the able way in which the European representatives have put their case, the differences have been narrowed down to almost nothing. In the matter of commercial and tariff policy, it is universally admitted that India must be free, and I should like to repeat one remark I made in the Federal Structure Committee, that if and when this Government becomes a tariff Government, creating tariff walls in the interests of this country, then the problem of commercial and tariff independence for India becomes one which is much more than urgent; it becomes a problem which is immediate.

Prime Minister, much has been done to reach agreement, and if no bargain—to use a word I do not like—has been made, it has been due to the fact that we have gone as far as we can go until we know definitely what the intentions of the Government are.

Every one is now asking what is to happen next, and I have no doubt the Government is considering what security it can deposit, what hostages it can give, to the representatives of India in order to protect us in future from any charge of bad faith. There are great difficulties, Sir, I have often thought about what would happen to the Secretary of State when this Conference is over. He and the Lord Chancellor—after, I hope, a rest from their very arduous labours—with the aid of their tireless, able and devoted staff, will begin to build this broad Highway of Peace. There are boulders in the way; there are forests to be penetrated. They present real difficulties, although such material may, if properly treated, even form the very substance of the construction of the road. But there is more than that. Of this I am deeply conscious from my own experience. Behind every boulder you will find a sharp-shooter; the forests are infested with bandits. These are the real enemies,

of them we have heard very little indeed at this Conference—prejudice, self-interest, abyssmal ignorance and—what I think is far worse—knowledge that is out-of-date. Prime Minister, the one danger, as I see it, is that. Do not let the work be continued by experts inspired by diehards.

What should the Government do? To-morrow, Prime Minister, you are to make a most important statement. Naturally we have had no share in its preparation and have no knowledge of its contents; but I would suggest, if I may respectfully do so, as the course to be pursued by the Government, the course that was outlined with your authority, Sir, by the Viceroy in that speech of July 9th, 1930, to which I have referred once or twice in the debates. There are three things required. First, you must select a force to help you; secondly, you must secure the co-operation of that force; and thirdly, you must invest it with the power which comes from the august approval of a sovereign Parliament.

What is the force, the one force that can help you forward in your task? I say it is this Conference. Can you find a body anywhere with the same practical experience of the problems, yes, and with the same determination to overcome the obstacles which we all recognise? If rightly understood, if rightly handled, this Conference can do more for good understanding and sound constitutional arrangement between Great Britain and India than all the Blue Books which adorn—or should I say encumber—the walls of all the offices in the world. This Conference should be the bodyguard of the Secretary of State. It is his corps d'élite to seize and fortify the ground as it is won. You can well understand the horror and dismay which came into our hearts when we heard that it might be that our Committee would be disbanded before it had even attempted to occupy the central position which it had been brought here to attack.

Chairman: Who said that?

Mr. Wedgwood Benn : That was the belief at the time. Let me say this. It is a most significant thing that no body of Indian Delegates was willing to see the disbandment take place. Why? Because India attaches great hopes to this Conference, because India recognises the power of this Conference. Prime Minister, if I might let you into a secret, among the reports which have been presented to you of the deliberations of the Federal Structure Committee and reports on various aspects of federation, one is missing. There was one debate which took place by the courtesy of the Lord Chancellor which appeared in the end to be out of order altogether. It was a debate on some recommendations which formed the theme of the Statutory Commission that Provincial autonomy should come without the security at the same time of Central responsibility. That debate killed the proposition.

Mr. Prime Minister, if this Conference when it is out of order can do a job like that, God knows what it might do when it is in order.

That is the first thing, to select a body that is going to help you. The second thing is to enlist its co-operation. It is not sufficient to

say that here is a powerful body of Indian opinion and then to let them go. Do not let them go until you have exacted pledges and promises of co-operation from them. It is said that last year's Conference ended with a pronouncement. That is true, but last year's Conference was exploratory. This year's Conference we hoped would be in some measure decisive. It is perfectly true that it cannot be decisive finally. No decision can be arrived at until the communal problem is solved. Is it not possible, Prime Minister, that this Conference should draw up—receiving the assent of the parties that sit all round these tables—Heads of Understanding between Great Britain and India, imposing reciprocal obligations both on ourselves and upon our Indian colleagues? That is the second step.

The third step is this, Prime Minister. Take them to Parliament to get Parliamentary ratification. Forgive me for saying it, Sir, but an almost intolerable responsibility rests on your shoulders in this Indian matter. You have dismissed one Parliament; you have called another Parliament; you stand panoplied in unparalleled Parliamentary power. Use that power, Prime Minister. Wield your sceptre while it is in your grasp. Go from this Indian Assembly of St. James's to the British Assembly of St. Stephens and ask them to ratify the Heads of Understanding which have been drawn up in the negotiations, and then ask our colleagues here round the table to take them back to India, to invite and secure similar ratification there. Is this a fanciful dream? After years of shameful conflict, it was done for Ireland just ten years ago in Downing Street. It was done nine months ago for one section and a great section of the problem in the Viceregal Lodge at Delhi between Lord Irwin and Mr. Gandhi, and Mr. Gandhi went back again to the Congress at Karachi, and with a wave of his wand—or I should say, with a turn of his spinning-wheel—he secured assent which up to now has given peace in India.

Prime Minister, if this were done, see how much all your difficulties are eased. Supposing the majority communities go back to India knowing there is the hope, seeing certain hope of the achievement of what they wish, then they can turn to the minorities, they can give generously, they can give recklessly in order that they may share in this hope and that we may have what I believe to be the greatest British interest: not a divided, but a united India.

I think I have said no word, Prime Minister, which is incompatible with my recollection of the responsibilities I once carried. I think of the Secretary of State and the work that lies ahead for him. He is faced with great administrative difficulties. His problem is urgent. Violence is raising its head. Anarchy is raising its head. It is necessary that crime should be punished and punished swiftly, whatever government is in power; that has got to be done. You want a strong government in India. But what is a strong government?

Is a strong government one supported solely by route marches and ordinances—power swiftly diminishing, short credits obtained

at exorbitant rates of interest, guns? Prime Minister, there is one thing that we all know about a gun, and that is that it recoils. We want a strong government, but a government can only be strong if it rests upon the assent of the people. It is a pitiful thing, Prime Minister, but it is true; in India youth is against us. Conflicts come and we are driven into conflict with those who are striving for the uplifting of India, who have been fighting against the drink evil, who have been fighting against social evils, who have been fighting against poverty. We want these people to be on our side in rebuilding a greater and better India. We want the co-operation of good citizens. A strong government is a government backed by patriots. How are we to get that? It is here. Here is the willing co-operation if we can only seize it. I know nothing of the Government's plans, but I would beg you, Prime Minister, if necessary to alter your programme. Do not let to-morrow be a day of pronouncements followed by compliments. Let to-morrow be a day of reciprocal undertakings and let the second Session of the Round Table Conference be crowned by a Treaty of Good Will.

(*Mr. Ramsay MacDonald here vacated the Chair, which was taken by Lord Sankey*).

Sir Tej Bahadur Sapru: Lord Chancellor, we heard this morning the authentic voice of wise Liberalism of England. We have just now heard the courageous accents of British Labour. In the few remarks that I propose to make this afternoon I venture to express to you, howsoever humbly, but I hope clearly and unfalteringly, the rising ambition of my country.

My Lord Chancellor, it was more than a year ago that we met in this historic hall upon summons issued to us from the Prime Minister, who happens also to be the Prime Minister to-day. We came here in circumstances very different from those which prevail to-day in India. I will remind you of what I said last year; we came here in the midst of great obloquy, great suspicion, and great distrust which followed us from India to this country. We worked here for three months in the closest co-operation with British representatives of all parties; and at the end of that we went back—some of us at any rate went back—as the determined missionaries of peace and peaceful settlement of the outstanding questions between England and India. I will not refer to the events which took place in India. There were two great actors in that pact. There was Lord Irwin, a man who is far more respected in our country than you realise; and there is Mr. Gandhi, from whom any one of us may differ in his methods, but from whom none of us can differ in his ideals. He is here to-day as a witness to the success of last year's Conference. That was the achievement of last year's Conference. To-day we are assembled here to carry on the work which was left unfinished in January last. We have been carrying on this work, earnestly, and sincerely and to the best of our ability—as I hope the Lord Chancellor will bear witness—for the last three months. No one who has not sat at the meetings or attended the

meetings of the Federal Structure Committee can realise the immensity of the task to which we have been applying ourselves. When you remember that we were there considering the problem on the solution of which depends the future of 350,000,000 men and women, not in British India alone, but also in Indian India; when you remember that there were persons assembled at that Committee who held and held very strongly their points of view, not always identical; when you remember that undoubtedly there were divergent interests to be reconciled; when you remember all that, then, and then alone, can you realise the immensity of that task. But, My Lord Chancellor, the interest of the work increased as the difficulties increased; and I venture to think that if the problem had been simpler than it actually proved to be, if there were no divergent interests to be reconciled, if there were no strong prejudices on one side or the other to be conquered—well, we should have long ago gone back to India to our happiness, and perhaps to your relief. But, undaunted by the difficulties of our task and actuated by the hope, and I might say by the faith that it was clearly due to you and due to our country that we should conquer these difficulties, we have proceeded to face the duties that were cast upon our shoulders.

I will not claim that in every possible respect our work has been attended with success, but I hope I am not putting forward an immodest claim when I do say, on behalf of the Committee on which I have had the honour to serve, that we have achieved no inconsiderable measure of success in that Committee; and here, Lord Chancellor, if you will permit me to say so, I will say—and I am sure I am speaking not merely on my own behalf but on behalf of every single member of that Committee—that we recognise, and recognise freely, frankly and generously, that such success as has been achieved in that Committee has been in no small measure—indeed, I might say has been almost wholly—due to the wise guidance that you gave to that Committee. Our debt of gratitude to you is great.

I remember—and perhaps Your Lordship will also remember—that there were occasions when faith seemed almost to forsake us, when we felt we were in the midst of a difficulty which could not be overcome; and it was on those occasions that we found the intervention of Lord Reading so helpful. In years gone by it was my pride and privilege to be associated with him, and, if Lord Reading will permit me to say so to his face, I never felt prouder of my old chief than when on some critical occasions in the Committee he tried to reconcile conflicting views. That has been Lord Reading's great contribution to the work of our Committee, and I must freely acknowledge our debt of gratitude to him also.

I need scarcely say that every one of us feels we have had throughout our arduous labours, except for a short time when domestic circumstances prevented members of Parliament from being present, the unstinted support and encouragement of our friends

of the Labour Party, and particularly of Mr. Wedgwood Benn and Mr. Lees-Smith.

It is under those circumstances, with that encouragement and with that help, that we have proceeded with our work. I do contest and contest very strongly—and here, if I may say so, I respectfully support Lord Reading—the criticism which has been advanced in certain quarters that the Round Table Conference has already failed or that it has been frozen to death. It is here; it has not failed; and I sincerely hope and trust that, when party passions have been allayed and when it is possible for people to see things clearly and not through the mists of party prejudice, it will be recognised that this Conference has contributed a solid amount of work in pursuance of the policy of which it is the result.

Now, Lord Chancellor, last year, whether we liked it or whether we did not like it, and it is no use going to original documents, the idea of an all-India Federation did emerge.

Not only did it emerge, but it received what I might say was the almost unanimous support of every section of the Conference. I have never looked upon that idea as a will-o'-the-wisp. Frankly those of us who have applied our minds to this problem seriously think that it is a far nobler idea than the idea of a constitution limited only to British India, and you, Lord Chancellor, if anybody, have got to plead guilty to that charge, because time after time you have reminded us that we must not talk of this India or of that India, of British India or of Indian India, but of India without an adjective. It is in pursuance of that idea that we have proceeded to attack this problem.

Let me tell you that when once you have solved the problem of British India more or less to your satisfaction you will not have solved the Indian problem. You will then come up against a solid block of Indian States, representing one-third of India, and demanding very seriously the satisfaction of their claims against the British Government, economic, financial and political. Then you will be bound to have a second machinery for the settlement of these disputes and these claims, and we cannot afford to multiply governmental machinery in India. Therefore so far as I am concerned I do maintain that that is the only possible idea, that that is the only possible programme which holds the field and that that is the only possible programme which has been before my country and your country during the last twelve months. Let us not therefore turn our backs on that. Let us face it boldly and courageously, recognising that there are difficulties, that those difficulties have got to be met and to be overcome. Therefore, My Lord Chancellor, I do say that this idea of an all-India Federation, presenting as it does the prospect of many centuries of a united India, with all its defects and all its shortcomings is the only idea on which we can afford to work.

When I remember that a wise statesman like Lord Reading, who has had experience of India and Indian problems, of British India

and Indian States for six years, supported our demand for responsibility at the Centre on the basis of an all-Indian Federation, when I remember that you, My Lord Chancellor, have consistently supported this idea I am inclined to think it was a little too harsh to say it is a will-o'-the-wisp and that we need not follow that idea. Therefore speaking for myself, until the absurdity or the impossibility of it has been demonstrated I cling to that, and that is my attitude with regard to it.

Now, My Lord, when this idea of an all-India Federation was discussed last year, Their Highnesses, our countrymen, the Princes, tracing their descent some of them to the Sun and the Moon, were democratic enough to identify themselves without national interests and they made a generous response to our invitation. Is it right, is it fair, is it just, after twelve months for anyone to say that the Princes have gone back on that idea? I think there can be no grosser libel on the Princes than to make that assertion, and if there are any doubts in the minds of any sceptics left on that point, then I will remind them of the great speech which was delivered yesterday by His Highness the Nawab of Bhopal. His Highness spoke in no uncertain terms; he spoke with the authority which belongs to him as the Chancellor of the Chamber of Princes, with the authority that belongs to him as a patriotic Prince and as a patriotic Indian. Let us not forget that. It is perfectly true that when you have a big problem like this to take into consideration there must arise some differences of opinion in regard to method or in regard to certain details. I am reminded sometimes, and have been reminded by my own countrymen and by some of my English friends, of the scheme which is associated with the names of Their Highnesses the Maharajas of Patiala, Dholpur and Indore. What I would venture to say to them in regard to this is, that even they have supported the idea of an all-India Federation. It is only in regard to the method of approach that they have ventured to differ from others. Now is that difference of such a vital character, such an unbridgable character, that it is open to any critic to say that the Princes have gone back on that idea? As was pointed out by my friend Sirdar Jarmani Dass, yesterday, in his excellent speech, to which a reference was made also by my friend Mr. Jayakar this morning, it is by no means impossible to bring about a reconciliation between the two ideas. At any rate this much I shall say, that even in regard to those methods of difference this Federal Structure Committee has been called upon to apply its mind only to the idea of an all-India Federation based on the message which we all had last year. That is the only thing which has held the field and which to-day holds the field. I need scarcely remind the House that last year when we discussed or rather when we put forward this idea of an all-India Federation, His Highness the Maharaja of Bikaner and His Highness the Nawab of Bhopal made it abundantly clear that if they consented to an all-India Federation it would be only on three conditions.

The first condition which they put forward was that their rights under the treaties entered into between them and the Crown should

remain unimpaired. There is no quarrel with regard to that. None of us has tried to go back on those rights; none of us has ever thought of it.

The second condition which they laid down was that, so far as their internal sovereignty and autonomy was concerned, that should remain unimpaired, except to the extent to which they of their own free will and volition delegated powers to the Federal Legislature. There is no quarrel with regard to that, and there has been none with regard to that.

The third condition which they laid down lastly was that they would come into the federation only upon the understanding that India continued to be a member of the British Commonwealth of Nations. So far as men of my way of thinking are concerned I believe I can honestly say that there is no dispute with regard to that and there can be no dispute with regard to that.

Now those three vital conditions so far as the all-India Federation is concerned—conditions imposed upon us all by Their Highnesses—have to my mind been completely fulfilled. Questions of detail remain to be settled. Many of them have been settled. And I venture to say that if you read the Report of this year's Federal Structure Committee you will find that there is a far greater measure of agreement between them and us than is realised by the outside public. Two or three questions no doubt remain to be settled and they are questions of a most vital character.

The first question which remains to be settled is as to what is to be the amount of representation to be given to the Indian States in the Upper House and in the Lower House. Even in regard to that I will venture to say that, though no formal agreement may have been recorded so far, we are far nearer the solution this year than we were last year.

The second question that remains to be settled is the method of representation. Now I hope I am not wrong when I say that even in regard to that method of representation there were remarks made this year by Their Highnesses the Maharaja of Bikaner and the Nawab Sahib of Bhopal which encourage us to hope that they will realise the necessities of the situation and—I am repeating the words of His Highness the Maharaja of Bikaner—that they will see to it that their subjects have a voice in the election of representatives to the Lower House. Well, those ideas have got to bear fruit and I have not the least doubt that they will bear fruit. But one thing I would say: that while I have every possible sympathy with the ambitions and aspirations of their subjects, I do not think we shall be helping their cause by forcing Their Highnesses' hands. I do believe and I do trust that Their Highnesses—whatever other faults you may ascribe to them—are very alive to the necessities of the situation, and when once they decide to come into a federation, I think you may take it that the new situation will arise which will itself induce them—it may be in the case of some, after some delay—it may be in the case of others immediately—but which will induce them to take steps which will legitimately satisfy the

aspirations of those who are anxious that they should be satisfied. So far as I am concerned, I impose no such conditions, because I believe that they are alive to the necessity of this.

Now, My Lord, I will pass on to another aspect of the question so far as all-India Federation is concerned. Last year there was anxiety expressed on behalf of some of the smaller States that we must do something to secure their adequate representation and to secure the protection of their rights. I think in regard to that matter also we have made a substantial advance this year. There are many of us here who are genuinely anxious that the scheme which will finally be placed on the Statute Book shall be comprehensive enough to give a proper place not merely to the bigger States but also to the smaller States. That, I submit, Sir, is a further gain which we have achieved this year. Of course, there is the big question of the relations between the two Houses, but a great measure of agreement in regard to such questions has been achieved again this year, and I have no doubt that, if we apply our minds to some of the remaining questions, it is not beyond the scope of statesmanship, British or Indian, to put the question of the relations between the two Houses on a satisfactory footing.

This has been the net result of our work on the constitutional side. Probably I will be asked here, what about safeguards? I cannot forget that last year, when His Majesty's Government authorised the Prime Minister to make that declaration, it was expressly stated therein that responsibility at the Centre was the objective they had in view, provided it was coupled with the necessary safeguards for the period of transition. Now, when we went back to India and when the negotiations were started between Lord Irwin and Mr. Gandhi, this question at once attracted the notice and attention of Mr. Gandhi, and you will find, as was pointed out by my friend, Mr. Jayakar, this morning, that there is express reference to an all-India Federation, to responsibility at the Centre, and to such safeguards as may be found to be in the interests of India. Therefore the question of the safeguards need not frighten us, or at any rate those of us who seem to claim to possess an extra dose of democratic sentiment in regard to such matters.

What has been the history with regard to safeguards during the last few weeks that we have been working in the Federal Structure Committee? I will not go into every one of them, but I shall take up the most important of them. Let us take first of all the question of discriminatory legislation against European commerce or against European residents in India carrying on business in India. Here I am bound to say that the spirit which our European colleagues from British India have shown in arriving at a settlement in regard to this matter has been extremely encouraging, and we gratefully acknowledge that.

We have received in regard to this matter great assistance from men like Sir Hubert Carr and Mr. Benthall who have recognised that there is need for compromise on matters of this character, and

I venture to think that so far as that particular matter is concerned on ninety-nine points out of a hundred we are all of us agreed.

Now, let us come to the financial safeguards. The financial safeguards were discussed at great length last year and they have been again discussed this year. Lord Reading gave a notable contribution this year, as he did also last year, and Sir Samuel Hoare read out to the Federal Structure Committee a special statement with the authority of the Government. We were told, and we were warned time after time, that the financial situation was such that it would be impolitic and it would be unwise to go into details regarding matters of financial safeguards. Notwithstanding that, I think a great measure of agreement has been arrived at. If financial safeguards have not received their final shape it is at the instance of Sir Samuel Hoare and at the request of the Government, but I venture to think that as months roll by we shall find it more and more easy to come to a settlement in regard to financial safeguards which will on the one hand, give a sense of security to the British investor and will give ample scope and ample freedom and responsibility to the Indian Finance Minister of the future. I ventured, Sir, to put forward a scheme with regard to a Financial Advisory Council and I would remind the House that it received a considerable amount of support from such a financial expert as Mr. Pethick-Lawrence, and I hope I am right in saying that it was received also with approval by men like Mr. Benthall. So far as Sirdar Jarmani Dass is concerned I will not commit him to any position beyond this that he was prepared to receive it favourably without committing himself to any particular details of the scheme.

I pass on now to the safeguards relating to economic and external affairs. The Report of the Federal Structure Committee is in the hands of everyone of you, but I venture to point out that if you examine the scheme that has been suggested in certain quarters with regard to defence and external affairs, you will find that in its essentials it places a considerable measure of power in our hands with a promise that the rest of the power should come into our hands after a short period of transition. It is not as if the Governor-General of the future is going to be wholly irresponsible to the Indian Legislature. The Indian Legislature will continue to possess those powers which it has at the present moment of influencing the decision of the Governor-General, but for a period of transition so far as the Army Member is concerned this scheme provides that he shall continue to be responsible to the Governor-General, which means the Crown. It may be that it may be criticised. It may be that it may be open to the criticism that that scheme does not give us immediately the power of control over the Army. Frankly, I am one of those who have no hesitation in saying that we are not in a hurry—at any rate I am in no hurry—to take control of the Army immediately or of external affairs immediately. I can bide my time. We ought to be able to build up our strength with regard to other matters, to be able to influence the decision of the Government of India in regard to the Army,

and in regard to other matters on which so much depends. I have not the least doubt that if this is given effect to, if it is given a fair trial and is subjected to fair experience we must get into possession of the reversion of the control within a very short period of time.

Now, My Lord, I pass from that rather unpleasant aspect of the safeguards.

Your Lordship will remember that since last year everyone of us has been agreed that the minorities must be safeguarded, must be protected in the position of their rights. I must say with sorrow, and a genuine spirit of sorrow, that so far as that matter is concerned failure has got to be registered. Nevertheless, let not that failure be over-rated. So far as several matters are concerned, I do not think there was any dispute last year or that there has been any dispute this year. The minorities are entitled to every guarantee in regard to their religion, in regard to their culture, in regard to their services, and I would also say in regard to their representation even in the Cabinet, but there has been a dispute as regards the method of their representation and the amount of their representation in the Legislative Council and the future Parliament of India. Well, it always seems that a very strange fate has been pursuing us in regard to this matter, both in India and here, and at times when one is inclined to think one almost feels that perhaps the task of solving this difficult problem must be left to our successors. But that would be taking, in my humble judgment, a very pessimistic view of the matter. I believe the rising tide of Indian sentiment is in favour of a settlement which will bring every satisfaction to the minorities and to the Depressed Classes, which will give them an assured and honourable place in the constitution.

I will not venture to discuss on this occasion the method of settlement. Such methods as have formed the subject of discussion at this Conference have yielded no result, but I venture to hope that in the months that lie ahead, profiting by the experience which we gained last year and also by the experience which we have gained here, we may yet apply ourselves to that great task in our own country and redeem ourselves from the undoubted stigma that sticks to us in this particular matter. Speaking in my own personal capacity and without representing any particular section of Indian opinion, I am one of those who hold that there is no sacrifice which it is not worth making in winning over the minorities. That is one of my deepest convictions, and so far as I am concerned I am not going to quarrel about any measure of settlement so long as a settlement is arrived at. Therefore, My Lord, so far as the minorities and the Depressed Classes are concerned, no one is prepared to deny the fairness or the justice of the claim that they have put forward, namely, that their rights must be protected and protected adequately. If there is a dispute as regards the method of settlement, that dispute must be settled primarily by ourselves; and if we fail, then I

venture to think the only alternative is that His Majesty's Government should take it upon themselves to give their decision.

My Lord, I will not take up your time any further, but I will now come to refer only to one special matter which has been interesting every one of us. It is this: if this has been the measure of agreement arrived at, what are we going to do, and what are you going to do? Are you going to send us back to our country with a promise that you will start us with Provincial autonomy, and with a further promise that you will work up to federation in India within the next few years? Let me in all humility tell you that so far as I am concerned, having given this matter my best consideration both from the theoretical and practical points of view, I stand convinced that your scheme of Provincial autonomy is doomed to failure in India, and that there is no party of any standing in India, be it the Congress, be it the Liberals, be it any party—and I hope Mr. Ramaswami Mudaliyar will make the position of his party clear at some time or another—which is prepared to work Provincial autonomy. I say that, because we do feel that Provincial autonomy is not only not going to satisfy the aspirations of any particular party in India, but because I think it will stop our progress for the future for many years. Political sentiment and political opinion change very rapidly both in India and in England, and we cannot afford to take any risks in that matter.

Therefore I will beg of you, I will entreat, I will urge upon you to think twice before you adopt the old-fashioned instalment system of reforms in regard to India. I do urge it on you that the time has come when you should think out and evolve a comprehensive scheme which will cover both the Centre and the Provinces, and introduce them simultaneously. We can afford—at any rate so far as I am concerned I can afford—to wait. I have enough patience to wait. I am not at all sure that it should take as long a time as your experts seem to think. But if it is a question of choice between half a loaf and a full loaf after a year or two, I have no difficulty in making up my mind. That is the position I take up and that is the position that I shall continue to take up.

Now My Lord, I will not say anything more with regard to that subject. Mr. Wedgwood Benn raised some very interesting questions this afternoon and he asked the Prime Minister what he and the Government proposed to do as soon as this Conference was over to-morrow or the day after to-morrow. If I may respectfully venture to suggest it, the measure of success that has been shown has been so considerable that we feel justified in asking you not to give up the Conference method, to continue it, to have your plans ready and to put them in progress in continuation of the work of this Conference and not in supersession of this Conference; because it is only by negotiation, by argument, by mutual exchange of our views freely and frankly that we can hope to achieve settlement.

Lord Chancellor, I do not know what your plans will be, but I do sincerely hope and trust that you, who have known the work of the Federal Structure Committee, and who know the value of that Committee, will see either that the Federal Structure Committee continues to exist and to carry on its work of hammering out a constitution and filling in the details which yet remain to be filled in, and to make investigations, or that you will bring into existence something equivalent to that Committee.

Lord Chancellor, I know that the hints which are thrown out from the Bench are sometimes much more significant than the judgments which are given at the end; and, if one may take the hint that you threw out on the last occasion, that you hoped to see us in India, a hint which was so readily seized by His Highness the Nawab Sahib of Bhopal, I will tell you that, great though your work has been as Chairman and guiding genius of this Committee, yet there is greater work awaiting you in India. Come to India with your experts and with your colleagues; try to explore further avenues; try to bring about a settlement on questions which remain yet to be settled; and then you will find that your work during the last twelve months is rewarded amply with success on your side and with gratitude on ours.

Lord Chancellor, if the Prime Minister had been present here I should have reminded him of a sentence in his speech, the last sentence in his speech, which, to my mind, really gave a true message to India last year, a sentence to which, speaking for myself, I attach far more importance than I do to the formal and precise language of the declaration. I will venture to read that sentence now:

> "Finally, I hope, and I trust, and I pray that by our labours together India will come to possess the only thing which she now lacks to give her the status of a Dominion amongst the British Commonwealth of Nations—what she now lacks for that—the responsibilities and the cares, the burdens and the difficulties, but the pride and the honour of responsible self-government."

Now, it is for that pride and for that honour of responsible self-government that I plead with you, and I do say that there can be nothing more disastrous at the present juncture in India than that the impression should go abroad that the plighted word of a British Prime Minister is not going to be honoured. I sincerely hope and trust that that never will be the case. I sincerely hope and trust that you will satisfy the expectations which you have raised and which we are entitled so legitimately and so rightly to entertain. An expectant India is waiting for the message from the Prime Minister. I hope that message to-morrow morning will be a message of hope, a message of good cheer, a message of encouragement, and a message which will be a turning-point in the relations between England and India.

Diwan Bahadur Raghaviah: It was my pleasing duty at the first Session of the Conference to assist, as adviser, my distinguished friend Sir Mirza Ismail, who then represented, besides his own State of Mysore, the States of Travancore, Cochin and Pudukotah. It is my privilege now, as representing the latter three States, to take part directly in the final deliberations of the Conference, and I propose to make my few remarks with special reference to these States.

The momentous outcome of the deliberations of the first Session of this Conference was the conviction that a federal constitution in which the Indian States and the British Indian Provinces could work as co-equal partners was the happiest way of uniting the two Indias which though politically distinct have common racial, cultural and other affinities, the States being given the necessary guarantees as to their sovereignty and integrity their direct relations with the Crown in certain matters and the continuance of India within the British Commonwealth of Nations.

The three States which I have the honour to represent fully share this conviction.

The Federal Structure Committee which was set up to give a concrete shape to this conviction has, under the wise guidance of the Lord Chancellor, submitted valuable Reports—the result of great Labour and thought and vision, and I may say on behalf of my States that they are in general agreement with the main principles enunciated in the Committee's Reports.

At the same time, the important maritime States of Travancore and Cochin, and the State of Pudukotah to a lesser degree, have special treaty and other rights which require recognition and it may be that there are other matters requiring examination and redress, all of which will have to follow the labours of the States' Committee and the fact-finding Committee which are proposed to be set up. I have no misgivings that these settlements will be impossible and let me hope that they will be easy. It is only then that these States will be able to visualise their position financial and otherwise and decide in regard to federation. It is needless to enumerate these rights and reservations here. But I shall allude briefly to certain other important matters dealt with in the recommendations of the Federal Structure Committee and the Finance sub-Committee, on which the States I represent wish to express their views at this juncture.

The most important of these is the question of the extent of representation which these States will get in the Federal Legislature in which they will have to play their part in the event of their entering the Federation. Travancore is a front-rank State, third in point of population and fourth in revenue among the Indian States, and in the very forefront in educational and political advance. Her population exceeds five millions, and her sons and daughters are among the most educated in India. Her administration is progressive and up to date. And she was the first Indian State to give her people a share in legislation by creating a Legislative Council so far

back as 1888, as she was the first to confer on that Council the largest measure of constitutional power ten years ago. Her Legislative Council was the first in India in which a woman member sat. As Dr. Datta has handsomely observed, she affords equal opportunities to all her subjects irrespective of caste or creed. But Travancore has been suffering from one disadvantage which I shall state in the words of His Highness the young Maharaja who, in assuming the Rulership of the State early this month, said:—" Situated as it is in the southermost corner in India and isolated in many respects from the rest of the sub-continent, Travancore, in spite of its all-round progress, its population of five millions and its revenue of nearly two-and-a-half crores, and its achievements and aspirations, is not so well known in India and England as one would legitimately expect." It is the contention of Travancore that this disadvantage should not be allowed to affect the place in the all-India Federation to which she is entitled by the merits of her case, and she will not be satisfied with any position which is less than that of Mysore in the Federal Upper House.

Cochin is another important maritime State which has reached a very high standard of educational, administrative and political advance, and she equally with Travancore allows the utmost liberty and opportunity to all her subjects irrespective of caste or creed. Her population is more than a million, and she will not be satisfied unless she gets individual representation in both Houses of the Federal Legislature.

I also represent at this Conference the State of Pudukotah which, though falling under the category of smaller States, exercises sovereign powers, enjoys a salute, is administered on modern lines and possesses a Legislature containing a substantial non-official element, and is therefore entitled to special consideration.

In order that the legitimate claims of Indian States, large and small, for adequate representation in the Federal Houses may have reasonable scope, I would venture to press the view that the strength of the Federal Upper House should be fixed at three hundred and that of the Lower House at four hundred and fifty. The advantages of offering reasonable scope for as many States as possible, both directly and in suitable groups, and with adequate weightage for the larger States, to participate in the work of the Federal Legislature sufficiently outweigh, in my opinion, the disadvantages attached to numerically large Houses. It cannot after all be said that legislative bodies, three hundred and four hundred and fifty strong, are too big for a country of the size and importance of India.

The Finance sub-Committee's proposal that tributes paid by certain States, now styled cash-contributions, should be wiped out will be received with great satisfaction, and I beg to fully associate myself with the views and sentiments expressed by His Highness the Chancellor of the Chamber of Ruling Princes, and by Sir Mirza Ismail in regard to this subject.

One of the suggestions made by the Finance sub-Committee is to federalise corporation-tax on companies and the revenue from commercial stamps. The States I represent are opposed to this proposal. Apart from the objection to them as direct taxes, income-tax and corporation-tax are the only expanding sources of revenue which will enable these States with an inelastic land revenue and other uncertain revenue resources, to meet the growing demands of a progressive administration. Commercial stamps, relating to commercial transactions within the States are, irrespective of the revenue they yield, a mark of sovereignty which the States would be unwilling to surrender.

I have a word to say in regard to the list of federal subjects drawn up during the first Session of this Conference. It is proposed to treat inland waterways affecting more than one federal Unit (including Shipping and Navigation) as federal for purposes of policy and legislation. A network of inland waterways connecting with the backwaters is a feature which Travancore and Cochin possess in common with only a few other parts of India. Although the inland waterways I speak of connect these two States with each other and with the British-Indian districts of Malabar, their character is different, say, from the big river systems traversing the length and breadth of India, and they may safely be excluded from being federalised. To the States, they form important internal trade routes in whose control and development they are vitally interested, and as they cover considerable portions of their territories, their federalisation would create serious jurisdictional and other difficulties of a practical nature. Cochin is entirely opposed to having her inland waterways federalised, while Travancore would retain in regard to hers, legislation as well as administration.

In regard to lighthouses, Travancore and Cochin agree to policy and legislation being federal, but would retain administration and jurisdiction in their own hands.

As regards aerial navigation, the States which I represent trust that they will be free to exercise their sovereignty over their own territories, subject only to necessary restrictions and safeguards in fulfilment of international obligations.

The States I represent would wish to possess the power of concurrent legislation on federal matters, so as to adapt Federal legislation to local conditions, so long as it is not inconsistent with Federal Legislation.

Before I conclude, please permit me, Sir, speaking on my own behalf, to say that, although my lot has been cast for the last forty years in the humbler and less spectacular field of administration, my knowledge of my country has convinced me, as it has the distinguished Rulers, Ministers, and politicians of India who have gathered round this table, that the India of to-day will not be satisfied with a form of government without responsibility at the Centre, and that the only way of reconciling young India with the idea of

safeguards necessary in the interests of India herself, is to give her immediately as large a measure of responsibility at the Centre as will redound to the credit of true statesmanship. A federation which will shoulder such responsibility will, I firmly believe, be both advantageous and honourable, and I pray the two Indias will, with the aid of British statesmanship, and with tolerance, goodwill and mutual understanding, strive to bring it early into being.

Dr. Shafa'at Ahmad Khan: My Lord, the empty benches here on all sides show that we have to be very brief; otherwise we shall be taxing the patience of the House. My Lord, I do not wish to cover the ground which has been traversed by the previous speakers; but I should like to make a few points for the consideration of the Conference. Before I deal with these points, I should like to pay my tribute of praise to the courtesy, the kindness, and the geniality of the Chairman of the Federal Structure Committee. I am sure I am voicing the sentiments of the entire British Indian Delegation when I say that the work he has done for the arrangement of the Indian Constitution and the pains he has taken will ever remain memorable in the history of India.

My Lord, the task of constitution-making for a Continent like India is by no means easy. The task of reconciling the divergent interests and the claims of various communities and classes is admittedly a very difficult one. But, so far as the constitutional aspect of our problem is concerned, I think I am right in saying that the Federal Structure Committee has tried to solve the difficulty in the only way in which it can be solved; that is to say, by the way of compromise, give and take and sweet willingness to concede points on both sides. Your Lordship has contributed in no mean degree to the success of the Federal Structure Committee. It was, indeed, with great regret that the Muslim Delegates refrained from participating in the discussion of External Relations, Financial Safeguards, Defence and Commercial Discrimination. This attitude of the Delegates is likely to be misunderstood and I should like to explain our reasons for it.

Before I left Allahabad on the 14th August, we had a meeting of the Muslim Conference on the 9th, and at that meeting a resolution was passed which is binding on the whole Muslim community, and by which resolution we abide. The spirit of that resolution was to the effect that, unless and until the Muslim demands were reasonably met, the Muslim Delegates should not participate in any discussion of any question concerning the responsibility at the Centre. I claim, My Lord, and I think I can claim with justification and with complete agreement on the part of all sensible people, that without the settlement of this question it is quite impossible, not only for Muslims, but really for any minority, to discuss any question concerning, for instance, defence, financial safeguards, or any other fundamental issue bearing directly or indirectly on responsibility at the Centre. My reason is, that if any question of such a kind is discussed, we shall be confronted at almost every step by a

problem which can only be solved when the communal problem is solved.

I will give an example. Take the powers of the Federal Legislature. You cannot discuss the powers of the Federal Legislature, or of the Federal Ministry, unless you know the *composition* of the Legislature. Before I am willing to confer any power on the Legislature I must know what the personnel, the composition of this Legislature is; before I agree to vesting that Legislature with that power I must know that I have got men in whom I have confidence; I must know that they are persons who will carry out my policy. So that it is for this reason, which I hope will be understood as indubitably sound, that we could not participate in the discussion. I hope it will not be regarded as a mark of discourtesy to our popular Chairman but will be regarded as the bounden duty of all the Muslim Delegates to abide by the mandate which they have received. We are, in this matter, acting in accord with the sentiment and the policy of the whole Muslim community.

This policy, My Lord, had not only been enunciated by the Muslims, but also agreed to by other communities. If I remember rightly, Mr. Gandhi, before he left India, had also preached the absolute necessity of settling the communal question before the discussion of a purely constitutional question could be launched, and Mr. Gandhi did this in Delhi in March. I think he stuck to it until the middle of July, when he was obliged, as he has explained in "Young India," to give up that point and to come to the Conference in order to arrange a compromise between the different interests.

Therefore, My Lord, we are not alone in this contention. Our claim is based strictly upon equity, upon justice, upon the place we have occupied in the India of the past, and the position we now occupy in some of the most strategic places in the vast sub-continent.

My Lord, Sir Tej Bahadur Sapru has eloquently described the results achieved by the Federal Structure Committee during the second Session of this Conference. I have no hesitation in saying that when the work of this Committee is properly assessed it will be found that we have covered a very wide ground in the best possible manner. We have dealt with the very difficult and extremely complex subject of Federal Finance. We have also solved the very intricate question of the Federal judicature. We have come to almost unanimous conclusions—with the exception of two or three very important points—on the question of the relations of the two Houses.

When we think of the importance and momentous nature of the entire task entrusted to us, these three subjects which I have just enumerated may seem insignificant and even immaterial; but I submit, My Lord, that when a proper perspective of the work done by the Conference is attained, it will be found that our reports on

those subjects—I cannot deal with the other subjects—will form a durable foundation for a sound and solid constitution for India.

My Lord, it is now admitted that the idea of federation, which was regarded merely as a dream last year, is now reality. It is not merely a reality; it is a tremendous reality. It is a fact which challenges all preconceived notions, a fact which is bound to have tremendous importance in every sphere of our public life, a fact which, when fully worked out with regard to finance, judiciary and other subjects, will mould the destinies of millions of people for generations. And so, My Lord, I attach supreme importance to the way in which the principle of federation has been consistently applied last year and this year. I have been and am in complete agreement with the principle of federation, as I believe it is only by the co-operation, help, advice and assistance of the Princes, together with the peoples of British India, that a solid foundation and lasting unity for India can be found, and the fundamental divisions which now exist removed, so that we may build up an India which will be a source of pride to Asia and an ornament to humanity.

But, Sir, though I agree with the principle of federation, I differ on a few minor details, and one point, which I have made clear, is that we cannot give to the Princes any weightage in either House of the Legislature. They can only claim representation in the Lower House as in the Upper House by population. Again, I have made it clear in my speech that I want the representatives of the Indian States to the Assembly to be elected, although I am not averse to their nomination, in the transitional stage, to the Upper House. It is clear, however, My Lord, that though the principle of federation has been applied, though every party has agreed to the idea, it will take a long time before it can be worked out consistently to its minutest details. Mr. Lees-Smith, in one of his speeches before the Committee, said it would take three years. I cannot say exactly how long it will take, but I think I am not far wrong in saying that it cannot take less than about three years. Ordinarily that would not be a long time in the history of the Provinces of India or in the history of India itself. It is on the other hand a very long time at a period when we are passing through crisis after crisis—crises on various matters economical, political, social and others. It is perfectly clear to everybody who has had any experience that if we are really desirous of removing the grievances from which many of the Provinces suffer that it is absolutely essential that something should be done immediately to satisfy their legitimate claims. Take for instance the Frontier Province which has been waiting eleven years. Lord Reading will remember that it was under his auspices and with his advice and assistance that the Bray Committee was appointed, and all of us know the interest he took and continues to take in the deliberations of that Committee. He knows the intensity and the volume of demand for Provincial autonomy in that Province. She has been waiting expectant, ask-

ing the British Government to do justice to her claims. She has done that for eleven years, and it seems as if she may have to wait for years more. I do not know what the consequences of that long delay might be, not only on the political programme of the Muslims but also on the entire political policy of India. The Frontier Province cannot wait. She is determined not to wait. It is absolutely essential that satisfaction should be given to the people of that Province by conferring on them Provincial autonomy without delay. Take other Provinces. It was in 1924 that I urged Provincial autonomy. Since that time every year almost in my own Provincial Legislature the demand for Provincial autonomy has been repeated with the monotony of a pneumatic drill. But nothing has been done.

In 1928 when we asked for autonomy we were told that the Simon Commission had then been appointed. I co-operated with that Commission for two years. We were told that we must wait. For two more years we waited. The recommendations to that Commission were published last year. Then we had the Round Table Conference. That means we have now waited altogether for four years. Now we are told that we must not have any Provincial autonomy, that we should not have it until and unless it is coupled with responsibility at the Centre.

If it had been merely the question of responsibility in British India that would have been an easy task. All there would be to do would be to transfer a number of reserved subjects. But this is not the type of Provincial autonomy we want or the type of Provincial autonomy that anyone who knows the nature of the position will want, because the Provincial autonomy we desire is provincial autonomy of a general kind, Provincial autonomy conferring complete power consistent with the relation of the Provinces to the Centre. If we want really to go ahead, we must in any case tell the Provinces, those parts of India which have been doing their best for the working of the reform within the last eleven years, that that can be provided immediately, in order that they might work out the various social, economic and educational problems which have been waiting for solution for so many years, and in the meanwhile during the next three years all the details of the operation can be got out, and I see no reason why, immediately after the Conference is over, adequate machinery should not be set up to guarantee to all persons that this idea will be applied without the least possible delay, that India will not have to wait long, but, on the other hand, that in three years' time it will be possible to have a constitution. You can give an assurance; I know how difficult it is to press a time limit for the solution of a problem of such a character, but I do say that if you really give constitutional government to India, responsible government must be dealt with when the arrangements are considered, and if your arrangements are adequate and are really necessary, then in that case I submit India will be satisfied, the Provinces will go ahead and work out their scheme of education

and a number of other problems, and a very important point to me and to everybody—I am speaking solely about the work of a Provincial Legislature—I know how important the beneficial effect is upon Ministers who are responsible to the Provincial Legislatures and who have a new sense of responsibility, which has a very moderating influence upon the political programme, even in the most extreme part of India. As far as this question is concerned, I repeat that we must go ahead on the one hand, with complete adequate machinery for the carrying out of this principle and applying it in the form of a constitution with the least possible delay. On the other hand we cannot let the Provinces wait, and I do say now that the Provinces have been waiting too long, since 1924. Therefore go ahead with the Provinces and at the same time carry out the promises, the pledges which have been given by the Prime Minister on 19th January, 1931.

My Lord, before I sit down I should like just to draw the attention of the Conference to the peculiar position of the Muslims in the United Provinces, whom I have the honour to represent here along with my other colleagues. The Muslim community in the United Provinces is a minority of 14·8 per cent. Though they are merely 15 per cent., they hold their own in various spheres. In the public services, if Your Lordship will look at the work done by the Muslims in the Executive Services, you will find that they have been really the backbone of the entire administration for decades. In higher education also they held their own, they do not want any privileges. They do not want any monopolies; they do not want any special rights. I say this with a due sense of responsibility: they desire a fair field and no favour. They only wish to keep the amount of weightage, the amount of representation that they have got. This representation is not the result, as is sometimes said, of the Lucknow Pact of 1916—not at all. This representation was granted to them by Lord Minto in 1906. So that the claim made by certain sections that the Muslims enjoy in the United Provinces 30 per cent. by virtue of the Lucknow Pact is not sound, because, after all it is not based upon that Pact. It can be traced back to 1906 when Lord Minto acknowledged the political importance of the Muslims. I want to place all my cards on the table. It is true that a number of Muslims were apprehensive as to the result of the grant of complete Provincial autonomy. But we have never on any platform, on any occasion, or in the Legislature, opposed complete Provincial autonomy in my own Province. We have never wished to put a spoke in the wheel of progress either on the Provincial side or on the Central side. We say that if our rights are safeguarded, we shall be willing to come forward and help in the building up of the foundations of a sound constitution for India.

With these words, My Lord, I hope the Conference will take into account my suggestions regarding the grant of immediate Provincial autonomy, coupled with pledges and earnest promises of responsible government.

Sir Akbar Hydari: Mr. Chairman, before I say the few words I have to say about the work of this Conference, I would like to give expression to the great debt which we owe to you, to the members of the present Government, to the members of the late Government, and to the members of the Government which preceded it who have devoted so great, so constant, and so sympathetic attention to our work amidst all their other great preoccupations—work which you and we the representatives of Great Britain and India have set ourselves jointly to perform.

I am, as Indian standards go, not exactly in the prime of youth, but age has not damped my spirits nor my optimism. I will in as few words as I can endeavour to show why there is no need either for uneasiness or for depression amongst us who desire a happy and contented India as a partner in the British Commonwealth of Nations. In the first place, the idea and the ideal of an all-India Federation not only still holds the field, but, if anything, it has been more firmly entrenched in our minds than it was when it was originally mooted at the first Session of the last Conference.

We of the Indian States Delegation have not wavered in our loyalty to and support of the federal idea, as providing the only satisfactory and safe avenue for the orderly march of India to full nationhood. Rumours have been circulated that this State or that State has been working against federation. We have treated these rumours with the contempt they deserve. I can honestly say that so far as I am concerned I have all along worked for the construction of a stable, satisfactory federal structure into which the Indian States can usefully come; and if at any time my intervention in matters, especially those connected with federal finance, or the size of the Federal Legislature, or the relations between the two Houses, or the constitution of the Federal Government, or the subjects with which alone they can deal, may have been considered inconvenient by some of the Delegates, I say, with all the sincerity at my command, that it was not meant to be obstructive, but helpful.

One word more, whilst I am on this subject. In the Federal Structure Committee I have made it repeatedly and abundantly clear that it is in the best interests of all concerned that the strength of the Federal Legislature should be kept as low as possible. I must not take up the time of this Conference in attempting to reply again to the arguments of my friends, whether on this side or on the other side of the House, who, in order to give what they think will ensure individual representation to the larger and to the smaller States, are asking for a large Legislature. The constitution of the Federal Legislature is a matter to which not only Hyderabad but many other important States attach vital importance. It is so vital that on a right decision in regard to it may depend Hyderabad's attitude towards an all-India Federation.

Whilst we of the Indian States look up to you in British India in many matters, I will pray you not to think that we have no con-

tribution to make towards a common pool. We are Indian India. We are autonomous; we administer ourselves; we run our own show. As a result, we have an experience of government, of the need for compromise and of the management of affairs which you, our brethren across the frontier, should not lightly thrust aside.

For an all-India Federation to come into being, various outstanding questions have to be examined. For example, the number of States who are willing to join an all-India Federation, their representation *inter se*, the position of the States who do not come in, what the franchise in British India should be, the financial settlement, and so on. These will take time, but I do not at all agree with those who consider that no step forward whatever should be taken pending the examination and settlement of these questions, which, owing to their complexity, and involving as they do delicate adjustments and negotiations, may take a considerable time. In my opinion, it will be dangerous to stand still and do nothing but exploratory work.

Unfortunately, the minorities question must be settled first. That goes without saying, and it will probably fall to the lot of the Government to deal with it. Once that is settled, is Provincial autonomy alone possible until the scheme of an all-India Federation is worked out? Is it not possible to try in the intervening stage to see whether even the foundations of an all-India Federation cannot also be well laid whilst the external decoration and internal furnishing of the structure is being worked out and completed? I therefore offer a suggestion, for what it may be worth, that the possibility and the desirability of taking some such steps as the following whilst the final structure is being completed may be carefully considered. Simultaneously with the grant of Provincial autonomy reconstruct the Centre on the lines of the all-India Federal Centre. Let there be at the Centre, along with the necessary safeguards and reservations, as much responsibility in those subjects which we have already agreed to be federal, when the all-India Federation comes into being, as is constitutionally possible in view of the constitutional position of the Indian States and the necessity therefore of paying due regard to their views. For this purpose in anticipation of the completion of the all-India Federal scheme I would provide for some temporary machinery—purely temporary I repeat—until the federal structure is completed. For example, a joint Standing Committee selected from both the Houses of the Indian Legislature which would have to remain as at present constituted, with which would be associated representatives of the Chamber of Princes and of those States who have not joined the Chamber. Such a Committee would advise the Viceroy on such subjects within the province of the Central Legislature as concern Indian States as well as British India. There is one more matter with which I wish to deal and I have done.

It will have been noted that whenever questions have come up before the Federal Structure Committee concerning British-Indian Provinces I have always entered a caveat in respect of Berar. I do not say anything more because what we have to say to the Crown on this subject and *vice versâ* is not a matter which falls within the purview of the Conference. There is, however, one aspect of the matter in regard to which I think it is my duty to inform the Conference at this its Plenary Session so that any doubt as to our real intention in the matter may be removed. Whilst safeguarding his rights His Exalted Highness I know wishes to accord to his subjects of Berar as great a measure of autonomy as may be found possible for the British-Indian Provinces. Mr. President, I have done. I have full faith that under God's Providence the labours on which we entered last year will come to a happy fruition.

Mrs. Subbarayan: As we are about to part after three months' hard work I think it is but fitting for us to review the work that has been done and take stock of the situation. It is for this reason that I wish to make a few remarks, although as a member of the Federal Structure Committee I have had opportunities to express my views there, and I can assure you I shall be very brief. First let me say that I am very glad that the Federal Structure Committee has not only reiterated its faith in a federation for India but has made great advance in the development of that great project. I hold now, as I have always held, that federation is the sure and swift road to our national development. I have felt greatly encouraged by the Lord Chancellor's farewell remarks at the Federal Structure Committee on Friday and by the remarks of His Highness the Nawab of Bhopal on Saturday morning. I hope the Rulers of other Indian States too will cultivate the faith that His Highness the Nawab of Bhopal so strongly holds. It was also very heartening this morning, My Lord, to hear your clear expression of views about this ideal for India, and Mr. Benn's appeal this afternoon. If I may say so, the voice of the Liberal and Labour Parties have brought a message of bright hope in an atmosphere which is liable to be as uncertain as your English November.

Closely allied to federation is that difficult question of responsibility at the Centre, and interwoven with it is the complicated problem of safeguards. I confess that I am not versed in all the technical details of these safeguards, but as a lay person I hold strong views on the general principles that should govern these safeguards, and since I accepted this responsible task of serving on this Conference I have given much thought, I may even say study, to the question of these safeguards, and I hope the Conference will bear with me while I place these views before them.

I hold the general view that India should be complete mistress of her own house, but I am enough of a realist to appreciate that there may be practical difficulties in effecting the immediate and complete transfer of power in certain matters like defence. There

may be difficulties owing to present conditions. It has been pointed out to us that owing to our lack of a national army, technical knowledge, lack of technical training—though I must say not due to any fault of our own—it may be necessary to have some special provisions to regulate the transfer of power from the Governor-General to the Indian Legislature, but I also feel that these special provisions should be only for the brief transitional period through which we shall have to pass.

Practical difficulties and inexperience, however, cannot be alleged to anything like the same extent in financial and economic matters. In spite of irresponsible statements made by some people in India, as in other countries (and I think there are people in all countries who make irresponsible statements), I do believe that there is a strong sense of financial responsibility and of the great value of financial stability and credit in my country. Certain instances in the present legislatures should not be cited to prove the contrary. I am convinced that the conditions that exist now in our present legislatures are purely temporary and innate in a form of government where the legislature has full power of criticism but no responsibility, but when we have full responsible government the legislatures of India will be the trustees of the people of India and not irresponsible critics. It will be their duty to maintain the financial stability and the credit of their country and to develop its economic policy. To do this they must have a free hand. It is for this reason that I feel we should not bind our future legislators and posterity to any particular policy. We should not bind them down by strict rules which in a rapidly changing world may become serious checks on the economic development of India. We have been warned that every nation may be obliged to have safeguards in a world condition like the present one, and that you here in England have been obliged to impose stringent safeguards on yourselves. I quite appreciate the importance of safeguards in difficult times; and I would only ask that our legislature should also have the same freedom as you have here to impose safeguards according to the exigencies of the times. If we impose safeguards now according to the conditions that exist now, they may make it difficult for the future legislatures to cope with any special emergency that may arise. Their powers should be unfettered to deal with any difficult situation, and they should be free to judge what is best in the interests of India without any outside interference. I would therefore urge that the financial and commercial safeguards in our future constitution should be reduced to a minimum and should be no more than what we find in most constitutions. I would repeat what I have said before, that if we are to have the loyal support of the Indian public in working and developing the new constitution, we should not have galling restrictions in our constitution which will only provoke resistance.

Here I would like to appeal to our British colleagues, and I do it in all friendliness, to appreciate the fact, unpalatable though it

be, that there is a strong suspicion in India about the interference of Whitehall and Westminster. The greater the elimination of these elements of our future constitution, the greater is the hope of a loyal acceptance of the constitution and of permanent friendship and confidence between Great Britain and India.

Then, My Lord, comes the question of minorities. While I deeply deplore that there has been no settlement of this most difficult problem, I strongly feel that that is not the final word about it. I am sure it is possible to achieve a settlement based on reason; it must be achieved, whether it is from inside or from outside. I will not say more on this subject, as I have already expressed my views on it before. I would only add that the present non-settlement of this question should not be used as an argument to check the political advance of my country, and it should not be used as an argument for introducing political reforms in India by stages. It has been convincingly pointed out at this Conference by various speakers that the communal question affects the Provinces even more than it does the Centre. If it is settled for the Provinces, then there is no difficulty about the Centre.

This reminds me of the fears, hopes and anxieties that we from India entertain about the future of our country, and I would just like to say a few words about them. We are nearing the end of the second Session of this Conference. The last word will be uttered by the Government to-morrow. Whatever that last word be, that will be the deciding factor of the situation, and on it will depend the future of our country. Last year when we came to this Conference we had grave doubts and fears, to which reference has already been made, but when we concluded we had grounds for hope. This year, however, various circumstances have developed which have caused us grave uneasiness. There has been a cumulation of rumours and of unfavourable coincidences which have made this uneasiness grow into anxiety. It is generally feared that the Government is going to implement the pledge that it gave on the 19th January by immediate action only in the Provinces, and by a vague promise of introducing responsibility at the Centre at some uncertain and indefinite date. Apart from the constitutional complications of such a course, I am sure that this will cause the most bitter disappointment in India, and I fear to contemplate its possible repercussions. Such considerations, My Lord, have caused us serious apprehension, and we have not hesitated to give expression to it. But I would appeal to my British friends not to consider that expression of apprehension as mere excitement or emotionalism. I want to be frank, but in my frankness I have a genuine desire for friendship, and therefore I hope my British friends will not misunderstand me when I say that perhaps it is difficult for them to appreciate the anxieties—it is no exaggeration to say the torturing anxieties—of the representatives of a country whose fate hangs in the balance. In our statements on this matter, as on all matters we have discussed in this Conference, we have spoken with a full sense of responsibility and with the sole desire to settle the Indian

problem, and to settle the future relationship between our two countries by mutual goodwill and agreement.

The Secretary of State gave us an assurance last Wednesday that the Government has not made up its mind, and that there were no grounds for our fears. That gave us some relief. The remarks made by the Lord Chancellor on Friday last in the Federal Structure Committee, and on Saturday here, revived our hopes, but we are still uncertain, though we hope that the Government will implement its pledges not only to the letter but also in the spirit in which they were given and were accepted.

We hope that the Government in its pronouncement to-morrow will give us a clear idea as to the future procedure, that it will tell us its definite proposals and also give us an approximate time-table for carrying out those proposals.

There is one other point, My Lord, which I forgot to mention, and to which I desire briefly to refer. I am here, like all my colleagues, as an Indian, but I cannot altogether forget that I am a woman also, and so I should like to ask the Government constantly to bear in mind, when they are planning and drafting our future constitution, the interests of women, who form nearly one-half of the population of India.

Finally, My Lord, as a keen lover of trees I should like to remind the Conference of the plant to which the Lord Chancellor made reference at the last Conference. The seed of that plant was sown here by the Prime Minister and the British Government, and I should here like to pay a tribute to Mr. Wedgwood Benn for the part he played in the sowing of it. You and we have helped to tend it. The plant has now grown stronger, and India is anxiously awaiting the transplanting of that plant to her soil. We want that plant to be transplanted as early as possible, and in its entirety, roots and all, and not partially. It is only then that this plant will flourish and grow up into a large tree, under whose cool and deep shade all our people will live in prosperity and contentment.

As I said last year I am sure that this tree will be an emblem of wise statesmanship and permanent friendship between Great Britain and India.

Mr. Jamal Muhammad: I ask for indulgence as one of the latest nominees to this Conference and as one who had not the privilege of serving on any of the Committees. I take it, Sir, that we have been invited to come here for the consideration and construction of the future constitution of New India, if I may say so, in all its aspects as laid down by the Prime Minister in his speech of January last, when he closed the first Session of this Conference. That speech put a new faith into some of us in India, and we took it that this time the British Government and the British Parliament meant business. If you do not mind my saying so, Sir, some who were rather disinclined to attend the first Conference took the earliest opportunity to come here when invitations were extended to them for the second Session. What was the main idea of the Round

Table Conference? The idea was that both Indian and British Delegates should discuss and thrash out among other things the constitution of an all-India Federation, the main feature of which would be responsibility at the Centre, with safeguards in the interests of India, to enable the British Cabinet, of which the Prime Minister was and is the trusted and respected head, to put through Parliament the necessary Bill at the earliest opportunity to give effect to the solemn pledges given by two of England's great and farseeing statesmen on behalf of its Government and people—a people deservedly famous for their love of liberty and championing of the weak. I refer to the Prime Minister as well as to Lord Irwin, the great ex-Viceroy who represented His Gracious Majesty our Sovereign King-Emperor. Not only members of the British India delegation with almost one voice advocated, pleaded, and supported this all-India Federation idea, but it had also been affirmed and re-affirmed by that wise and patriotic son of India, His Highness the Nawab of Bhopal, the Chancellor of the Princes' Chamber, and by the admirable speech of Sir Manubhai Mehta, the representative of that other great and noble Prince, His Highness The Maharaja of Bikaner.

May I submit to you, with all humility but with all the emphasis I can command, that India and its people—the Agricultural, Commercial, Industrial and Labour classes of India—will not be satisfied with anything less than the granting of responsibility at the Centre simultaneously with Provincial autonomy. Both of these should be started together and by the same Bill.

When you thus satisfy the legitimate desire and aspirations of a great people—in the inculcating of which your own people played no mean part, you will at the same time also be putting, once for all, an end to the deplorable but widespread discontent and unrest in the country. The lasting gratitude and good will of a grateful people thus earned is worth something indeed.

Let it also be remembered that India has a large and rapidly growing population, and that it is a country rich with natural resources scarcely yet tapped and developed, but in the utilisation and development of which your assistance, mental and material, will be much sought after. May I venture to suggest to you therefore, with all humility, that it may be worth your while to secure and cultivate the goodwill of this India of the future.

Sir, I will just say a few words, with due apologies to the Prime Minister, about the safeguards before I close as some at least of those sitting round this table seem to be unduly worrying themselves about them. My Lord, I know that the Prime Minister heartily detests and dislikes that word, and, as he has rightly interpreted, it is an ugly word to us, naturally rousing great suspicions in our hearts by its past associations. However, I cannot help slightly touching upon them, if for no other reason at least because of the fact that they had been looming rather too largely in the deliberations of the Committees.

Everyone of the Indian Delegation has assured you in the plainest language possible that in India, noted for its tolerant spirit, there shall be no discrimination against race, creed or colour. All that is meant is that India, like other countries, should have certain reserve powers for use in case of need, and only then, and not otherwise. Perhaps my countrymen are a bit over-anxious about these reserve powers. But I beg to point out that they have some justification for this anxiety by their unhappy experiences when they stepped into such ventures as shipping, insurance, etc. If at least in the future the vast resources and organisations of the non-national concerns are not brought to bear to throttle and kill the small ventures of Indians in their own country, I do not see why anyone should fight shy of these reserve powers, which every State possesses, implied or declared. We do not want to injure even a foreigner in our country, and that being so why should there be any doubt or distrust of us in the mind of the Britisher who has done something for us, to awaken us from our long slumber, and with whom we have, and God Almighty willing we will continue to have, so many ties common to us all as members of the British Commonwealth of Nations.

The question of the security or right of property has also been raised in the discussions. We Indians have also properties of our own. My Lord, will you allow me to say it, that we know it only too well that the security of property is the very foundation of ordered society, and that no nation can go forward in its onward march if the spirit of venture and endeavour is sapped at the very basis.

As regards financial safeguards, all, particularly agricultural, industrial and commercial classes, are united and insistent on having no safeguards whatever in this respect. We want absolute and full financial control. In the discussions of the Federal Structure Committee it was stated that there should be safeguards with a view to helping India in its borrowings. They referred to credit confidence and that sort of thing in this connection. Well they would like us to believe that we would be in a bad position with regard to borrowing. Really there should be more confidence in the investing public when India herself guarantees such loans. After all the Secretary of State is only an agent. When you have the principal herself standing for it, why should you not trust her?

What about your lending out money even to the small unstable republics in South America. Will you not then trust us, a nation of three hundred and fifty millions with vast resources, a people of honour, and, moreover, partly trained by yourselves?

Again, let me remind you, My Lord, that our national debts were not so heavy before the Great War; they were comparatively smaller; but since then it has accumulated. That is more due to the wrong currency and exchange policy of the Government. And, further, we feel that in the future we may not be requiring so much help from others. Even if we do require help, I think India and its people are quite good enough as securities. Then something

was said about funds not being made sufficiently available for defence. Well, I would just like to say a few words on that. We should be fools if we kept our country undefended. We are more concerned in the defence of our country because we are more directly interested and we would be the first to suffer. After all, you are six thousand miles away, well-defended by your mighty Navy. If there is any attack on us from outside, we shall be the first to suffer, and you may take it that we would take pretty good care to keep ourselves well defended.

Then it was also said that funds may not be available to maintain sufficient troops for internal troubles. Well, we may have little quarrels now and then, just as in any other country or in any other community. There is some difference of opinion or quarrel; that may be so even among brothers. We may be quarrelling to-day, and to-morrow we may be all right. However, let me point out to you, Sir, that between ourselves we have more in common than there could be between Indians and the outside world, and if our own people suffer, we are likely to feel it much more than anybody outside.

My Lord, in this connection I would like to point out, that for centuries we were living in amity. It passes my comprehension why these troubles and quarrels should have developed only within the last few years; and even now these communal quarrels are rather uncommon in Indian States. I know recently there had been one or two little quarrels in Mysore and Kashmir; but, generally, it is not to be found in the Indian States. Moreover, there are many who feel that it is artificial and due to some mischief-makers or notoriety-seekers.

It may be urged that Indians have not enough experience and skill as financiers. In view of the manner in which Indian finances have been managed within the last few years, it is surprising that anybody should be bold enough to say that Indian financiers would do worse than British financiers or experts sent out to India.

Then there was some talk in the discussions about reserved powers as regards currency and exchange. It is a very bitter subject and the less said about it the better, because if, during the past few years anything did more to estrange, embitter and rouse the people in the country, it is this policy of the Government. That being so, the less said about it the better. Since the war, the policy of the Government, so far as exchange and currency are concerned, has been the worst that could be imagined; and, apart from the fact they commit serious blunders, the most unfortunate part of it is that they will not correct themselves in time. They will not listen to the appeals and pleading of the people; they merely say, " We have no open mind in the matter, we are going to use all the resources at our command to maintain the decisions we have already made."

Even recently, what happened? In spite of the fact that the whole country disapproved of the policy, and the Assembly recorded

its vote against it unanimously, as far as he non-officials were concerned, and even the Government of India, evidently getting tired of their old ratio policy wanted to get out of it, the Secretary of State, a gentleman by the way, who had newly come to his office, sitting here six thousand miles away—I do not want to attack him personally; it is the system I am talking about—dictates a certain policy and imposes it against the will of the people and the Assembly, and even of your own agents on the spot. That has given enough proof, if proof were needed, why there should be no such safeguards so far as exchange and currency are concerned. In fact, it is the best proof why that system should be done away with forthwith.

Then, My Lord, there is also the question of certification. There is no doubt that India is very poor, semi-starving, and heavily taxed. And there is a world depression and our revenues are falling. What is being done? The very revenue-yielding departments—commerce, industry and agriculture—are being more and more taxed, with the result that they yield progressively less and less revenues, and the Government will not retrench adequately in either their civil or their military expenditure.

So far as the military safeguards are concerned, we may be a little nervous about them. Though it may be a question of defence, it also means taxation, and in the case of the last Budget, against the twice recorded vote of the Assembly certification was resorted to, simply for a crore of rupees.

Under these circumstances, it is no wonder that we are rather nervous about these safeguards which are so much thought of here.

Mr. Ghuznavi: My Lord, when I was listening to the speech of my colleague, Mr. Fazl-ul-Huq, last Saturday, and when I heard the forcible, irrefutable arguments with which he put the Bengal-Muslim case before His Gracious Majesty's representatives, I thought, My Lord, that I might withdraw my name from the list of speakers, but on reflection I changed my mind, inasmuch as we are the only two representatives here of the Bengal Muslims, who represent twenty-eight millions out of the eighty millions of Muslims in India. The Muslim population of Bengal is double that of the Punjab, but the Punjab has six Muslim representatives here at this Conference. The United Provinces, where the Muslim population is 7,182,000, have four representatives here. Even Bihar, where the Muslim population is only 4,265,000, has three representatives. But Bengal, with its vast Muslim population, has only two representatives, and therefore I thought I should be failing in my duty if I did not speak.

My duty is to discuss these proceedings primarily as they affect my own Province of Bengal, but I must preface my remarks by saying that nothing in this speech is to be construed as inconsistent with the claims which we Muslims have put forward for safeguarding our position in the future. These claims are known and need

not therefore be repeated by me, but all that I am now saying must be read in the light of the condition that we Muslims will at no time and under no circumstances accept any constitution which does not embody the minimum safeguards which we genuinely believe to be absolutely vital to our welfare.

Since Lord Lothian's speech in the House of Lords the other day, the whole world is aware that a very dangerous state of affairs exists in my Province, as the result of terrorist activities. We ourselves have long been aware of these things and have pressed repeatedly upon our Government the necessity of taking vigorous action to combat the terrorists. Believe me, the most urgent need in Bengal to-day is for a Government which will ensure stability of conditions, the safety of property and the lives of law-abiding citizens, and of government officials. How many of the highest government officials have you lost during the last two years? If my memory does not fail me, the number is 17. Some have been murdered, some have been disabled and sent home, some have been forcibly asked to retire, because the Government could not give them a guarantee of security for their lives. That being so, I am compelled to remark on certain comments made by Mahatma Gandhi and by my old friend, the Pandit Malaviya, in recent speeches in the Federal Structure Committee. The Mahatma Gandhi himself condemns and deplores the terrorist movement, but his followers do not, and his remarks can be, and certainly will be, twisted by unscrupulous agitators to encourage the very course which he personally condemns. I must also mention the Pandit Malaviya's reference to the recent appointment of a new Governor for Bengal. He knows nothing of the new Governor, as he himself admits. Nevertheless, he did not scruple to refer to that appointment in a manner which cannot but inflame the feeling in extremists circles in Bengal and I fear it may very likely lead to trouble. I said a moment ago that Bengal's first need is for a firm and wise government. Pandit Malaviya's remarks are well calculated to make this impossible, or at any rate difficult of attainment. My Province, My Lord, is sufficiently unhappy without such efforts, and I would like to say in a friendly manner, My Lord, but with perfect frankness, that we shall be much better off if persons from outside refrain from interfering with our domestic affairs.

Here, My Lord, I might digress a moment and address my remarks to Mahatma Gandhi and Pandit Malaviya. The Corporation of Calcutta, which is the largest civic body in India, with the biggest income, amounting to six crores of rupees annually, has eighty per cent. of its members drawn from the Congress ranks. This civic body openly encourages these deeds of violence by going to the incredible length of passing resolutions of sorrow at the execution of proved and convicted assassins, and reproducing these resolutions in the most prominent place possible in the official gazette of the Corporation. I doubt, My Lord, if the whole civilised world can show any parallel to this monstrous state of affairs.

Here is, My Lord, the photographic reproduction of the front page of an issue of the Calcutta Municipal Gazette:—

" CORPORATION MEETING.

EXECUTION OF DINESH GUPTA.

Corporation's Tribute: Meeting Adjourns.

The Corporation of Calcutta expressed its sorrow at the execution of Dinesh Chandra Gupta and adjourned its meeting on Wednesday, the 8th July.

When the Corporation assembled, Councillor Bhupendra Nath Banerjee moved:—

'This Corporation records its sense of grief at the execution of Dinesh Chandra Gupta who sacrificed his life in the pursuit of his ideal.'

The House adopted the resolution standing.

On the motion of Councillor Madan Mohan Burman the meeting was adjourned till Friday, the 10th July.

The Mayor, in associating himself with the resolution, paid a tribute to the courage and devotion of the deceased."

This takes me to another very serious matter. The Calcutta Corporation has a number of free primary schools; they have about twenty thousand children and a thousand teachers to teach them. If the history of these teachers is ascertained, it will be found that they are recruited from the ranks of the political suspects. My Lord, you will be interested to know what these children are taught: the lesson of British hatred. Here is an English translation of a specimen lesson in the form of a song which the children sing. With Your Lordship's permission I will first express it in Bengali and then translate it:—

" One—two—three
India will be free
Four—five—six
Gandhi ki jai."

Pandit M. M. Malaviya: Amen.

Mr. Ghuznavi: I say " amen " also. Here I differ:

" Seven—eight—nine
We have to picket."

I do not say " amen " here. Here I differ. Then comes the worst, the British hatred:

" Ten—eleven—twelve
Catch hold of the Britisher and give him a thrashing."

Pandit M. M. Malaviya: The pity of it!

Mr. Ghuznavi: Now, My Lord, let me turn to the affairs of my own community. I need hardly point out how unfairly the Muslims have been treated during the last century and a half. A hundred years ago the Muslims occupied practically all the posts, both civil and military, in the Government; but later they were almost eliminated except in very subordinate positions. As far back as 1906 the Government issued circulars saying that Muslims should have a third of the number of posts in the public services; and this was repeated in 1914 and again in 1925. What was the result? The circulars have till to-day remained a dead letter and their suggestions have been completely frustrated. Now after the lapse of a quarter of a century there are branches of the public services in which the Muslim representation is as low as one per cent.; whilst in other branches it is three, or at the utmost five per cent. In short, My Lord, the British Government hitherto has treated the Muslims unfairly, and the time is now due when this state of affairs should be remedied. An examination of the Bengal Civil List will show that out of the seventeen High Court Judges in Bengal there is only one Muslim Judge.

Unfortunately, My Lord, I have not got a copy of the Bengal Civil List, but I have just had the two pages taken out from my diary to show you what is the position in the Bengal Secretariat and in other branches of the public service of Bengal. In the Accounts and Audit Department, the Accountant-General is a Hindu, the Deputy Accountant-General is another Hindu, the third Deputy Accountant-General is a third Hindu, the Examiner of Local Accounts is another Hindu, and the Collector of Calcutta is a Hindu. The Co-operative Society Registrar is a Hindu. The Coroner is a Hindu. The Commissioner of Excise and Salt is a Hindu. The Deputy Commissioner of Excise is a Hindu and the Assistant Commissioner is another Hindu. All are Hindus. There is not a single Muslim in the Bengal Secretariat, from one end to the other, holding a high post. This is, My Lord, a warning from a friend, but I beg of you not to underrate its seriousness on that account. Believe me, My Lord, for us it is a very serious matter indeed.

Let me now, My Lord, say a few words on more general political issues as they affect the Muslims in Bengal. Dr. Narendra Nath Law spoke of a large number of nationalist Muslims in Bengal, and regretted that they had no representatives at this Conference, and said they desired joint electorates. Let me tell Dr. Narendra Nath Law that there is no large number of such Muslims. Neither Dr. Law nor Dr. Moonje nor any other person can point to them and say where they are and who they are, for the simple but all-sufficient reason that they do not exist.

The Congress, My Lord, has gone through India with a fine tooth comb to find such persons, and has never been able, up to now, to put forward more than a tiny handful of names, most of them of utterly obscure people, representing what they are pleased to call nationalist Muslim opinion. In a word, nationalist Muslim

opinion in this sense of opposition to the claims now being made by the Indian Muslims is a figment of the imagination. We demand separate electorates, and we will continue to demand them. We have them now.

We had them for over twenty years with considerable experience of their work and we believe them to be an absolute essential for our safety. This is the result of experience and not of mere opinion. With your permission I will just read a few passages quoted in the supplementary note by Sir Abdullah al-M'amun Suhrawardy, to the Report of the Indian Central Committee:

> " I do not believe that the Mussulman is the natural enemy of the Hindu . . . . . I have no desire to obtain Swaraj even if it were possible, by the sacrifice of a single legitimate interest of a single Minority."

(Mr. M. K. Gandhi in *Young India*, quoted in the Overseas Edition of *The Statesman*, September 19th, 1929.)

Mr. Gandhi: Young India is here to confirm that opinion.

Mr. Ghuznavi: Then we are safe.

> " Universal suffrage in a country governed by a common faith is the expression of the national will; but in a country deprived of a common belief, what can it be but the mere expression of the interest of those numerically stronger to the oppression of all the rest." (Joseph Mazzini.)
>
> " It is an essential part of democracy that minorities should be adequately represented. No real democracy, nothing but a false show of democracy, is possible without it." (John Stuart Mill.)

Mr. Sastri: Are these applicable to Bengal?

Mr. Ghuznavi: I have an interest in other parts of India.

Mr. Sastri: I want to know whether you intend these passages to apply to Bengal.

Mr. Ghuznavi: Yes, I do. Sir Abdullah says in that note:—

> " Hinduism is not only a house divided against itself by the barriers of castes, but its rigid rules and inflexible regulations raise an iron wall and forbid all social intercourse with non-Hindus. It proclaims and practices an eternal and perpetual social boycott against all non-Hindus. The fusion of Hindus with those born outside the pale of Hinduism as one nation and brotherhood is an ideal almost impossible of attainment.
>
> There are some well-intentioned Britishers who do not know India at first hand, and fondly imagine that India is England and that the principle on which English representation has been based should be the principle applicable to India. They are ignorant that ' there is a psychological, social and historical attribute, constituting, perhaps the principle differential characteristic,' of Muslims and that they are ' the product of struggles, going back for centuries ' . . . . . "

He goes on to quote Sir Charles Wood:—

"We have to legislate for different races, with different languages, religions, manners and customs, ranging from the bigoted Mahommedan, who considered that we have usurped his legitimate position as the ruler of India, to the timid Hindoo, who, though bowing to every conqueror, is bigotedly attached to his caste, his religion, his laws and his customs, which have descended to him uninterruptedly for countless generations." (Sir Charles Wood, House of Commons, 6th June, 1861.)

Sir Abdullah Suhrawardy continues:—

"A passage in Lord Dufferin's Minute annexed to the Government of India's Despatch of the 6th November, 1888, describes the population of India as 'composed of a large number of distinct nationalities, professing various religions, practising diverse rites, speaking different languages, while many of them are still further separated from one another by discordant prejudices, by conflicting social usages, and even antagonistic material interests.'" (Proposals of the Government of India and Despatch of the Secretary of State.)

He goes on to quote Viscount Morley in the House of Lords, 1909:—

"The Muhammadans demand three things. I had the pleasure of receiving a deputation from them and I know very well what is in their minds. They demand the election of their representatives to these Councils in all the stages, just as in Cyprus, where I think the Muhammadans vote by themselves . . . . . Therefore we are not without a precedent and a parallel for the idea of a separate legislature. Secondly, they want a number of seats somewhat in excess of the numerical strength." (House of Lords, February 23rd, 1909.)

He also quotes Mr. Asquith in the House of Commons:—

"Undoubtedly there will be a separate legislature of the Mussulman. To us here at first sight it looks an objectionable thing because it discriminates between people and segregates them into classes on the basis of religious creed. I do not think that it is a very formidable objection. The distinction between Mussulman and Hindu is not merely religious, but it cuts deep down . . . . . and is also differentiated by the habits and social customs of the community."

My Lord, in this connection I would mention what happened afterwards. Lord Morley thought he was giving us the additional seats by allotting to us five communal seats in Bengal, and his idea was that we should go and contest on the joint electorate basis and capture as many as he could out of the other 17 seats. What happened then? Not one seat from the joint electorates could the Mussulman capture excepting by a fluke where the Hindu candidate's nomination paper was found to be irregular. Therefore out

of the seventeen we had only one, and of the whole number I think about ten went to the Hindus and six to the Europeans. But still they want us to have a joint electorate.

Turning, My Lord, next to our justifiable and incontestable claim to 51 of the seats in the Bengal Legislature, I appeal confidently for support to the latest population statistics. If we claim the full percentage rightly due to us on a population basis, we are entitled to 55. How then, My Lord, can one say that this particular claim of ours is unreasonable? Moreover, the same statistics show that the caste Hindus are 18 per cent. of the total population of Bengal; yet we agree to their having 19 per cent. of the seats in the Legislature. Where is the unfairness of this? Are we going to allow them to continue to enjoy the seats which ought to go in fairness and in justice to the Depressed Classes, as they have been hitherto enjoying them in the past? My Lord, ask the representative of the Depressed Classes here if they are prepared to surrender their natural rights to the caste Hindus. There is not the slightest doubt in my mind as to what the answer will be. In fact the answer is already given; it is contained in the document officially submitted to the Prime Minister in which the claims of the minorities communities are set forth; and in passing let me say that this document was not signed merely by the five Delegates, as Dr. Law stated; each one of those five Delegates signed in his representative capacity for the whole.

My Lord, the last subject with which I will deal is that of Bengal's finance in the past. According to the natural wealth and activity and enterprise of our people, Bengal ought to be the richest Province in India. Actually she is almost the poorest; and it is well known that her development, her public and social life, have been stunted by what we regard as an unfair apportionment of financial resources as between the Central and the Provincial Governments. My Lord, the whole story is far too long to relate here, but I would draw Your Lordship's attention to one part of it in which redress is urgent and cannot possibly in justice be denied. I refer to the export duty on jute. This profitable duty, which in fact in 1929 and 1930 yielded 463 lakhs of rupees—that is over 92 per cent. of the total export duty realised in all India—is allotted to the Central Government. Let me point out further that when world trade revives again in the near future the yield from this duty will be still higher. Now, My Lord, jute is a very rare thing; it is an absolute local monopoly; it is a monopoly of Bengal. It is the product of Bengal's activity and it should be one of the mainstays of Bengal finance. My argument on this point is immensely strengthened when you remember that the land revenue, which in other Provinces has been a continually expanding head of Provincial revenue, with us in Bengal has been frozen for almost a century and a half by the permanent settlement.

Mr. Joshi: Change it.

Mr. Ghuznavi: The permanent settlement cannot be changed.

Mr. Joshi: It can be changed.

Mr. Ghuznavi: It cannot be changed. You dare not change it. That is beyond all possibility of argument.

Mr. Joshi: Why?

Mr. Ghuznavi: Therefore, My Lord, we are entitled to claim for Bengal the revenue derived from the Bengal monopoly of jute, which is, as I say, the product of Bengal's industry and enterprise.

I can assure you, My Lord, that all communities are at one on this point and will never agree to the retention of this revenue by the Federal Government.

My Lord, before I conclude may I bring to the notice of my Hindu friends, and in particular of Dr. Moonje, the example of the Muslims of Egypt. I should like to refer to what they have done there for the Christian Arabs where the majority community consisted of the Muslim Arabs and the minority community of Copts, who are Christian Arabs. The representatives of the majority community sent for the representatives of the minority community and asked them what they wanted. One demand of theirs after another was accepted by the majority party, and, when they saw that all their demands would be accepted by the majority party, they said "What? Are you going to give us everything we want?" On receiving the assurance to that effect, they said "Henceforth we are one, and we insist on nothing that is not agreeable to you." In one hour the work of a century was done, and the Egyptians to-day, both Christians and Muslims, have become one nation. To Dr. Moonje I say, let us adopt this policy and the communal difficulties will become the history of the past.

My Lord, in conclusion, let me say a few words on a tremendously important subject, the immediate steps to be taken in the political development of India. It is quite clear, My Lord, that the full scheme of all-India Federation which we all have at heart is going to take a long time to work out. Could anyone who heard His Highness the Maharaja of Indore's speech on Saturday doubt that? And, as we know, inside British India difficulties and obstacles of the first magnitude have continually revealed themselves throughout this Conference. Let us, therefore, My Lord, start with what we know we can achieve, namely a scheme of full Provincial autonomy. Let us get the experience necessary for building up a constitution. I firmly believe that in that way we shall get better conditions than we should get by any other means and get them more speedily.

Sayed Muhammad Padshah Saheb Bahadur: I thank you most sincerely, My Lord, for giving me the opportunity to take part in the deliberations of this august assembly. I am a new member of this Conference and as such I seize this opportunity as the first and most pleasant part of my duty to associate myself with all that has been said in grateful appreciation of the genuine sympathy and willing co-operation of the members of the British Delegation here in the work of this Conference and for the help they have rendered

to this Conference in its arduous labours in finding solutions for the many difficult and delicate questions that have to be solved in the building up of the future constitution for India with a view to securing for it its due place—a place of equality in the British Commonwealth of Nations. I have come to this Conference as a representative of the Muslims of the Madras Presidency. As one who has been representing them in the Legislatures, both Provincial and Central, for more than a decade, I feel that in the few observations that I am going to make I should keep before my mind the point of view from which my community in my Province looks at these matters.

On behalf of the Muslims of Madras, I give my wholehearted support to the policy which has from time to time been enunciated by our illustrious leader, His Highness the Aga Khan. I make bold to say that although His Highness has deliberately kept himself in the background as much as possible, he has really been a very great asset not only to the members of the Muslim Delegation here, but to all his countrymen alike. Since this Conference began its deliberations last year the Muslim point of view has time after time been presented before this august assembly. In fact ever since the all-India Muslim Conference was inaugurated in January, 1929, at Delhi, the Muslim demands have been the subject of frequent discussion and negotiation. In view of this and also in view of the fact that I am speaking at a late hour in the day, I do not think it is necessary for me to reiterate the Muslim view or attempt to adduce any elaborate arguments in its support. All I wish to say on this occasion is that the Muslim demands are perfectly legitimate. They are characterised by a spirit of live and let live. Far from offending in any way the principle of democracy they prescribe the only method by which a truly democratic form of government can be brought about in India, a government which will be really representative of the people of India. Now, My Lord, in this connection I feel I must say what has already been said by our friends here, that unless our demands are all satisfied the Muslims of India and those of Madras in particular will not accept any constitution. The political horizon of the Muslims of Madras is not confined to the borders of our own Province. We regard ourselves as an integral part of the Muslim community of all-India, and we, the Muslims of Madras, insist on the Muslims of Punjab and Bengal being allowed to have a right of majority, just as much as we insist on the retention of our own weightage in the legislature of our Province.

If we survey the whole range of controversy that has been going on in this Conference and outside, in India, regarding the communal question, we find that practically there is agreement on all matters, and that the only questions on which there is any sharp difference of opinion are those of the claim of the Muslims of Punjab and Bengal for their right of majority in those Provinces, and the claims of the minorities for representation by representatives of their own choice. Now, My Lord, as regards this claim on

the part of our brothers of Punjab and Bengal, even if this is conceded, what would be the result? The result would be that the Muslims in Punjab and Bengal would have only a bare majority, while in the other six Provinces, in the other parts of India, our Hindu fellow-countrymen will be in an overwhelming majority of about 70 to 80 per cent. So long as the Muslims who comprise a small minority in those Provinces in which our Hindu brethren are in an overwhelming majority do not object to our Hindu fellow-countrymen having their legitimate majority, I do not see how our Hindu brethren have any justification whatever to deny this right to the Muslims in places where Providence has placed them in a majority position. Now, My Lord, in the Province of Madras, the Province from which I come, you are aware that the Muslims comprise only a small minority; but this does not mean that we are opposed to greater power being transferred to our Hindu fellow-countrymen. It is not because there are no local grievances. In fact there have been several occasions when the Muslim claims have been overlooked; but in spite of it all, we whole-heartedly welcome transfer of power to the Provinces in case the Muslim demands are satisfied. We are perfectly willing to have introduction of full-fledged autonomy even to-day in the Province of Madras, provided Muslim rights and liberties are effectively safeguarded. We do so feeling perfectly confident that a long habit of authority and greater experience in administration will make the majority in our Province realise that it is in their own best interests to keep the minorities contented. Therefore, My Lord, it is impossible for me to justify to myself on any ground the attitude which our Hindu brethren take up on the question of the Muslims enjoying the right of majority in those two Provinces, namely the Punjab and Bengal.

The other point of difference is the electorate. On this electorate question I think it is unnecessary for me to enter into any elaborate discussion. I should like only to make one observation and that is this. Even the most ardent champions of joint electorates admit that, in view of the special interests of the minorities, it is necessary to provide for the minorities to be represented by men belonging to their own community. When this is conceded I do not see why the right should not be conceded to the minorities of being represented by men of their own choice, so long as it is considered necessary that the minorities should be represented by men belonging to their own community. There is no reason why these representatives should not be those of their own choice and not those chosen for them by the majority. Unless this right is conceded to the minorities, it is impossible for the minorities to feel that their position is secure in the new constitution.

But, if you give them this right, you give them a sense of security, which is very desirable, for it is necessary to inspire these minorities with a sense of security if it is desired to secure their willing co-operation. The willing co-operation of all the minority communities in India is indispensable for the successful working of any constitution which may be installed in India. So long as

we have this willing co-operation, this mutual goodwill, what does it matter what the form of the electorate is? What does any concession which may be necessary for the minorities matter? All that should really matter is that there should be willingness on the part of all communities to stand shoulder to shoulder, to pull together and work for the common cause.

Now, My Lord, I will pass to some of the proposals that have been put forward before this Conference, and I will deal with them very briefly. As regards the question of all-India Federation, I would say at once that I welcome it. I would say that the Muslim community as a whole welcome this all-India Federation, but at the same time I must make it clear that my community is not at all prepared to submit itself to any undue sacrifices to bring about this Federation. On principle we are opposed to giving of any bribes—or, to put it in more parliamentary language, the offering of any inducements to the Indian Princes to persuade them to join this Federation. We want the Indian Princes to come in, but we want them to come in on terms of perfect equality as our equals and brothers. Adhering as we do to this principle of fair dealing, I am entirely opposed to the giving of any weightage to the Indian States, whether in the Indian Assembly or in the Senate.

I understand I have got to hurry through with this, so I will pass to another subject, but I should like to say there does not seem to me to be any justification whatever for giving any weightage to the Indian States at all. The Indian States are not as a block divided off from British India by any difference of religion, culture, or economic interest; there is therefore no reason whatever why they should be allowed to have any weightage and why we should not insist on their coming in strictly on a population basis.

Again, My Lord, the Muslims are opposed to the principle of nomination, and this nomination is not rendered less odious to us because it is being done by autocratic Princes in India instead of by the bureaucratic Government of India. Therefore, inspired as we are by our own traditions of democracy, our traditional democratic ideas, we insist that the Indian States should send their representatives to the Assembly only by the same open door of election as British India. Similarly, My Lord, I insist that the representatives of the Indian States in the Senate must also be chosen by some system of indirect election. This could be done with the help of the Local Advisory Council, which should be established before Federation comes into being.

As regards the proposal to establish a Federal Advisory Council, the scheme which was prepared by one of the most distinguished members of our Indian Civil Service, Mr. Alma Latifi, and circulated to us by Mahatma Gandhi, I think this is very desirable. I assert there can be no difficulty in setting up a Council of this type. Even at present the force of circumstances has compelled the Government of India to adopt the rudiments of a system of this kind. The annual conferences of ministers which are held at Delhi and Simla, at which the ministers from the Provinces meet and discuss

their problems with the Finance Member of the Government of India—what are these conferences but a Federal Council in embryo?

There would be no difficulty in fitting in such a Federal Council in the Federal Structure Committee's general scheme now before us. There is a suggestion in the Report of the Federal Structure Committee that the High Court should be centralised. It seems to me that there is a kind of feeling in the minds of some of the members of this Federal Structure Committee that the present system is not altogether satisfactory. I am a lawyer of some years' experience, and I have enough experience of the High Court in my own Province. I can say, therefore, that the High Court in my Province has not been in any way affected by the present system. The people in my Province justly regard the Madras High Court as being perfectly independent and dispensing justice untrammelled by any extraneous influence.

There is another question of importance that I would like to refer to briefly, and it is the attainment of uniformity in the matter of the power of the Federal Government in respect of the Government and Indian State Railways. After careful consideration I am strongly of the view that it would be to the advantage of our railways and the country as a whole, if the administration of State Railways is, after such regrouping as may be found necessary, handed over to the Provinces, leaving to the Federal Government sufficient powers for efficient control. Such powers will be limited to inspection, fixation of rates, laying down rates of depreciation, legislation and enforcement of international labour conventions and securing the service of railway debt, in the same manner as irrigation debt. My proposal, I have no doubt will lead to a closer co-ordination of railway policy to local requirements.

We are strongly of opinion that Central Government should be introduced as soon as possible. Our chief political organisations have advocated this policy, and the Muslim Delegation has a mandate for this policy. The Delegation has made it clear that it cannot discuss any question concerning responsibility in the Central Government until the demands of the Muslim community are conceded. This policy is in accord with Muslim sentiment and Muslim political programme. When the Muslims' demands are met, the Delegation would strongly urge that the appropriate machinery to implement the Prime Minister's policy announced on January 19th, 1931, should be set in motion immediately, and a start should be made by conferring on the Provinces of British India complete Provincial autonomy, with full power over law and order, as a part of a comprehensive scheme of Federation, with responsible government. The details of the federation scheme should be worked out without delay, and responsible government in the Centre should be established immediately after the necessary arrangements are complete. An assurance should be given to India that the scheme of federation, of which Provincial autonomy is only a part, will be implemented with the least possible delay.

(The Conference adjourned at 7-45 p.m. and resumed at 9-30 p.m.)

Sir Henry Gidney: My Lord, As I understand it, the purpose of a speech in this Plenary Session is not to review the whole business of the Conference and certainly not at this late hour to introduce new suggestions regarding the future form of government in India, however ingenious they may be. I take it that in this Plenary Session the task of each one of us is to sum up his reaction to the proceedings of the Conference as a whole and to relate them to the particular school of opinion or interests which he represents. In my speech of November 18th last year at a plenary meeting of this Conference I gave reasons for my belief that a federal government for India would be a plant of slow growth, and I pressed some of the conditions adverse to its growth. I asked then that we should fix our minds on an immediate advance of a more practical kind than this noble, but alas somewhat idealistic vision of an all-India Federation. I said then that my conception of a practical measure would be to give India immediately complete Provincial autonomy, and, when the Provinces had stabilised themselves, allow them absolute freedom to federate with those States which were willing to enter into association, and so form a number of federated units which could eventually combine in an all-India Federation with a strong responsible and representative Government. Well, My Lord, wise men are not slaves to their past speeches, and while adhering generally to all I said last November I think the element of responsibility in the Central Government to which I referred should be brought more in the foreground of the picture than I had placed it. In a word I agree with so many of my fellow delegates, including Sir Hubert Carr and Sir A. P. Patro, that Provincial autonomy alone is not enough. It is not enough, not only because it will not satisfy the aspirations of large sections of Indian opinion, but because it is unworkable, literally unworkable without some adequate and appropriate measure of responsibility in the Centre, with safeguards. Clearly, Sir, any immediate measure of responsibility at the Centre for British India is a grave danger to Federation. It may be that political institutions and equally important political conventions will arise in British India, that political parties may develop. These will make it more and more difficult when the Princes ultimately would come in. These dangers must be guarded against at all costs, for there is no permanent hope for India except in the all-India Federation which we around this table have conceived and worked hard to attain. That must certainly be the overriding condition of any advance at the Centre of the British Government.

Sir, there is another vitally important consideration to which I shall confine myself almost entirely. That is the question of the minorities. I am sure that you, My Lord, and the Prime Minister must be heartily sick of these words, for they have been dinned into your ears day and night, and all the discussions of this Conference seem to end in a blind alley with the words " communal safeguard "

painted on the wall. But, My Lord, what is weariness of the flesh for you is life and death to us of the minorities, and particularly to my community, the smallest and most vulnerable of all.

The Prime Minister, and, I believe you, Sir, have always declared yourself an optimist. My esteemed friend Mahatma Gandhi has also made a similar claim. My Lord, I am also an optimist, but I might say that when I entered the Minorities Committee I did so optimistically; I am sorry, however, to remark that I leave it mysti-optically. I will not travel old ground. My position is stated in the document containing the minorities' demands which was submitted to you the last time the Minorities Committee met; and I should like to say that those of us who signed that document did so not for the purpose of bringing about further schism in Indian opinion; we did so in order to get as great a common measure of agreement as possible, so as to limit and define the points of view of the varying communities and interests as closely and as clearly as possible. Any others who like to adhere to that document can do so; but I do claim that it represents a service to India and a practical step towards the solution of the community problem. Dr. Moonje in referring to the League of Nations when it said that it was not right to spoon-feed any minority communities—

Dr. Moonje: I did not say it.

Sir Henry Gidney :—put forward that claim and applied it to the minority problem of India.

Dr. Moonje: It is the London " Times " which says so.

Sir Henry Gidney: Speaking for the community I have the honour to represent, let me tell him and the Conference that if he includes me in that category, assuming the community has been spoon-fed, in our case we have always filled the spoon that has fed us. Let it be clearly understood, Sir, that this agreement is not meant to be and will not be an additional cause of strife, but, properly interpreted and handled, can and should be of immeasurable assistance to you and your Government in finding a way and a decision through the tangled skein of the intermingled claims and counter-claims of India. That is all I propose to say on the subject of the minorities problem.

As regards my own community, my views and my claims are already in your possession, and I confidently look to you and the British Government for justice. Sir, for a moment look at the community that I represent; hitherto an Indian and not an Indian, a Briton and not a Briton; claimed by each when we are useful to them, rejected when the time comes for the division of political and economic guerdons. To you, therefore, and to the British Parliament I say that you you have no better and more loyal citizens in India than the Anglo-Indian community. To my Indian colleagues I say that the self-governing India of the future will have no more trusty citizens than those contributed by my community. We have done our best to be loyal to both countries, India and Britain, and we shall continue in that endeavour. To the British I say that our

past services entitle us to the fullest consideration; indeed, to use the words of the Services sub-Committee, to " special and generous consideration." To my Indian brethren I would say that any hurt to my community, with its singular record of service to the State, and the unique part which it has played in the development of Indian communications, will be a hurt done to the whole body politic of India; and any hurt done to India will be a hurt to my community.

Year by year we are being more and more speedily expropriated from Services in India which we have built up ourselves, and which are to-day, and I hope will continue to be in the future, the principal sources of wealth in the country. My friend Mr. Ghuznavi referred to the economic position of the Muslims in Bengal. That description pales into insignificance when I refer to the position of the Anglo-Indians in Government services in Bengal to-day as compared with what it was but a few years ago; indeed, I make bold to say that in some services they do not exist; they have been entirely replaced by Bengalis under the guise of Indianisation.

Sir, I say without hesitation or fear of contradiction, that without the Anglo-Indian community India must have waited for decades for the development to which I refer, and also, if it had been carried out by Englishmen it would have been at a cost vastly higher.

Again, Sir, I say I do not want to retraverse old ground; I shall be content with stating our unique position and our special claims, and leave it with every confidence in your hands.

Before I conclude, My Lord, I should like to draw the attention of this Conference to a very important matter connected with the working of one of the great Imperial Services in India, namely the Indian Medical Service. You must be aware that, as a result of the Government's omission to deal with the conditions of this Service in a comprehensive and thorough manner, a condition exists to-day both in and out of the Indian Medical Service, of intense misunderstanding and restless uncertainty, with the result that this onetime magnificent Service is suffering both in prestige and utility. This, in my opinion, is in a very large measure responsible for the paucity and inferiority of the candidates who are now being recruited by nomination in England, and for the acute discontent, amounting almost to antagonism, in the Indian medical profession towards the present position.

As a retired officer of the Indian Medical Service, I feel I should be failing in my duty both to the Service to which I once had the honour to belong as also to my country, India, if I failed to impress on you the great harm that is being done, and will continue to be done, to medical science and public health in India if the British Government were suddenly to discontinue the recruitment of British I.M.S. Officers into the civil medical services of the Provinces. In my opinion such recruitment must continue, though in decreasing numbers, for some years to come, until Indian medical colleges and

hospitals are raised to a standard of efficiency equivalent to that of European institutes, a state of affairs which certainly does not obtain to-day. Also I feel that India's aspirations to control and man her own medical services, and her desire completely to eradicate all racial distinctions and differences between British and Indian medical officers must be satisfied without delay. The colour prejudice, still rampant in India, to my mind, is the curse of India and must be stopped at all costs.

Reviewing the discussion on this subject in the Services sub-Committee, one cannot but be struck with the unreality and impracticability of many of the views expressed. Indeed, My Lord, I should say that as far as the medical profession, both official and non-official, in India is concerned, the discussion and findings were entirely one-sided and *ex parte*, and for these reasons I suggest to His Majesty's Government the advisability of the early appointment of an Expert Committee to go into the matter thoroughly and finally. As you know, My Lord, many such committees have sat on this subject, but not one report has been accepted. It is high time that a report acceptable to all was started, for both the Britisher and Indian want to know where they stand to-day.

Before I sit down, I desire to refer to just one other point. If our proceedings are to be continued in India by way of special committees or otherwise, I hope very earnestly that the Government will see that my community and its point of view are adequately represented. I am delighted to know that that remark of mine receives such approval from my colleagues, and on no account, I would ask Government, let any of these committees examine the question of joint versus separate electorates. Regard that, Sir, as a fixed and settled matter. Do not, I beg of you be persuaded to re-open it, or if you do, Sir, you will give rise to the gravest and the most lively fears on the part of the communities concerned.

Moreover, any such effort would be tantamount to discrediting the representative character of the signatories to the joint memorandum we submitted and the authority with which they spoke. We could not tolerate such an aspersion, no matter who persuades you to do otherwise. Believe me, Sir, if any such effort is made—and I believe I speak on behalf of every signatory to that memorandum as also the members of the parties whom they represent—I repeat, Sir, if any such effort is made it would raise a storm of passion which would wipe out all the good work we have done at the Round Table Conference. Settle that problem if you want, yourselves—we have asked you to do so—but do not re-open it. You have tried it in this country under, as my friend Mrs. Subbarayan has said, the fog of November, but you have here elements which make more for peace and harmony. Do not attempt to re-open it in the atmosphere of India, surcharged as it is with communal antagonism. Sir, the curtain will soon descend on the final scene we are enacting to-day as representatives of India. As one of them who truly and authoritatively represents one of the smallest, yet very important, communities of India, I pray that Almighty Providence will so guide you in your decision that India and her various

communities in working out her destiny will, in a spirit of trust and confidence, and as children of one united family, steadily march on the road to Dominion Status. When that goal is reached I fervently hope—and I appeal to the Mahatma Gandhi who has refused to recognise my community, for reasons I do not know, with logic I cannot understand—I hope, Sir, that my community as a member of that family, as it undoubtedly is, will not be found wanting or be deprived of the opportunity, as we apprehend, in helping to shape the future India as we have so materially done for the past India now fast disappearing from our vision. Sir, I have done. I have implicit trust both in Englishmen and Indians to help us in our desire, in our ambition—help which my community has by its past and present services worthily merited from both countries. We have always played the game with England and India. All we ask of you both is to play the game with us, for believe me, My Lord, no community in India stands in greater need of protection against the danger of having its economic stability utterly ruined. We are your most loyal and patriotic fellow-subjects.

I am confident I do not appeal in vain. In the name of Anglo-India I place the future of my community, whose cause I have striven to advocate to the best of my ability, before you, the British Cabinet and the British Parliament, with every confidence.

**H.H. The Maharaj Rana of Dholpur:* Sir, with the presentation of the Third Report of the Federal Structure Committee we have reached a stage in our deliberations, when before we come to look to the details of each individual question involved, we might just look back on the whole question of the evolution of a greater India in its entirety.

We have reached a fair amount of agreement on many points, and we are still trying to find out some sort of solutions about others, and the results of all these labours have been encouraging. And for all that has been achieved, allow me to thank the Lord Chancellor for the far-sighted statesmanship, tact, patience and sympathy with which he has guided the deliberations of the Federal Structure Committee.

I have looked at the Report primarily and naturally from the view points of the States, along with it, I have not lost sight of the larger and equally pressing and important urge of greater India. And it is from these points of view that I am going to make certain observations.

For these last many weeks, the work of the Round Table Conference and of its Committees has largely turned upon points of detail. For this reason, in the remarks that I shall make upon the Report of the Federal Structure Committee, I shall venture to spend the time at my disposal in reiterating once again certain broad questions of principle which, I suggest, we shall do well to

* NOTE.—The speeches, from that of H.H. The Maharaj Rana of Dholpur to that of Sir Shah Nawaz Bhutto, on pages 221 to 238, which are marked with an asterisk, were, by leave of the Conference, and in order to economise time, handed in as written speeches instead of being delivered.

keep prominently in view, if we are to attain satisfactorily the goal towards which we are all striving.

As the Report itself clearly recognises, it is " essential that the India of the future should include with British India, that ' Indian India,' which, if Burma is excluded, embraces nearly half of the area and nearly a quarter of the population of the country."

These two portions of India were spoken of in the first Report of the Committee as two " component elements " of the future federation; and I suggest that we shall do well to remember that the distinction between the Indian States and British India is no mere question of convenient nomenclature; it is in actual fact the distinction between two different groups of political units, which distinctly possess, as the present Report has it, " widely varying polities and divergent degrees of internal sovereignty."

And it is to be remembered that unless what the Report distinctly calls " the natural desire of the Indian States to conserve their integrity " is arbitrarily to be overborne, the distinction between the two parts of India in their peculiar form, is bound to persist into the future.

Just as in certain matters the Provinces of British India enjoy pronounced political affinity among themselves, constitutionally recognised by the existence of Central subjects and Central legislation, so the States will in certain other matters enjoy a community of interests peculiar to themselves.

It seems to me all the more necessary to point out this essential factor, in that the framework contemplated in the Report of the Federal Structure Committee seems in certain particulars to gloss over, in a manner which I suggest is incompatible with the actual facts of the situation, the distinction between the two component parts of India.

I would desire in this connection to draw particular attention to paragraph 11 of the Report, in which reference is made to proposals, which the Committee has not been able fully to discuss, but which they recommend for further consideration.

Among these proposals is one which I venture to think will demand the most careful consideration from all quarters. It is that which proposes a unicameral legislature.

It has the support of no less a figure on the other side of the table, than Mahatma Gandhi, and several other distinguished members of the British-Indian Delegation; it has on this side the support of our farsighted and veteran statesman, Sir Akbar Hydari; it has the support of what I venture to term a great and growing body of opinion among those States which favour the entry of Indian India into the future structure of all-India through the gateway of confederation.

For my own part, I canont but think that the project of the unicameral legislature will serve to obviate many of the admitted difficulties which at the present moment threaten to postpone the creation of the all-India scheme, which we all desire; and I earnest-

ly trust that the plan will be examined with the care and attention which its potentialities fully deserve.

While the project of a unicameral federal legislature is one which is of equal concern to British India and the Indian States, the project which I desire now to explain and to which I would invite the attention of my colleagues, is mainly one which concerns the Indian States.

This project may be called for convenience the confederation plan.

At the outset, I desire to remove certain misconceptions which, to judge from questions put to me on a previous occasion by my learned friend, Sir Tej Bahadur Sapru, are present to the minds of my British-Indian colleagues. I cannot claim to rival my learned friend, and the many distinguished ornaments of the Indian Bar who sit opposite to me, in the arts of debate; and the explanation which I shall give of the confederation plan will be the statements of a plain practical man, who does not pretend to be versed in constitutional subtleties, but is not without some experience of the practical needs of administration in India.

My friend, Sir Tej Bahadur Sapru, argues that the principles of confederation will be a source of conflict between the States and British India. But I would ask Sir Tej Bahadur Sapru why he thinks that a confederation of the States will aggravate the position, which must in any case arise even in the legislatures which he contemplates? If questions arise in the future Federal Legislature which affect the States as a whole, does Sir Tej Bahadur Sapru imagine that the States will be prevented from voting together? In fact, we of the Indian States do not contemplate the possibility of a solid States' block voting against a solid British-Indian block.

If we thought otherwise, believe me, Prime Minister, the very idea of federation would have entirely disappeared as suddenly as it appeared, but that I can clearly point out has not been the case.

We have voluntarily blessed the idea of joining hands with British India and we unhesitatingly proceeded with a conviction of the best of will, trust and mutual accommodation and the endeared human spirit of "live and let live." But further than that, we earnestly hope that our British-Indian friends in the legislature will be as jealous of safeguarding the legitimate rights of the States as we ourselves, and the representatives of the States will enthusiastically respond.

We really contemplate, in fact, with the greatest confidence that throughout practically the entire range of federal matters the voting will be on regional lines; the States of one region combining with the Provinces on that region, in order to protect regional interests.

May I therefore suggest to Sir Tej Bahadur Sapru that there are no grounds for the apprehension that a Confederation of the States would cause the States' representatives to vote in a solid block, on matters, which under the plan, which he accepts, they would otherwise treat upon regional lines.

Still less substance there seems to me to be, if I may say so, with due respect, in Sir Tej Bahadur's second objection, that the Confederation will form a super-State, and thus reduce the sovereignty of the present States.

While I am delighted to find that Sir Tej Bahadur Sapru is so generous a champion of our cherished sovereignty for ourselves, I would point out to him that if the States enter upon confederation, they will not thereby be creating a super-State.

The Confederation will not be a State at all, it will have neither executive nor administrative authority attached to it; it will have no sovereignty; it will, in fact, only be a piece of convenient machinery created for the expressly limited and specified purpose of arranging the States' representation in the best form on an all-India Federation.

Finally, I should like to assure Sir Tej Bahadur Sapru and my British-Indian friends that the project of a States' confederation now counts among its supporters a number of Princes, who are the supporters of an all-India Federation.

I should like, therefore, to repeat at this point the conviction which I have more than once expressed, that the confederation plan is not one to excite alarm or apprehension in the minds of our British-Indian fellow-countrymen. It is primarily a project for facilitating a large number of Indian States entering into an all-India Federation.

May I take this opportunity of enumerating briefly the advantages which it offers, and at the same time of clearing away certain of the misconceptions which surround it?

Let me begin by enumerating some of the admitted difficulties which attend the entry of all the Indian States into a future federation on a strictly individual basis.

In the first place, what criterion is to be adopted for individual representation? Population by itself cannot be a guide; as is obvious from the universally admitted necessity providing weightage for the States as a whole in the future federal legislature.

On the other hand, if sovereignty is to be taken as a criterion, States which are fully sovereign cannot be expected to accept a position of inferiority to other units, whose sovereignty is and has been no greater.

To meet this difficulty, it has been suggested that if the States find it difficult to agree among themselves as to their individual representation by a certain date, an impartial tribunal should be set up by His Majesty's Government, whose delicate mission will by no means be easy as it will have to adjust with great tact and justice and be guided by the two important criteria of size and sovereignty.

But would it not be better to avoid the heart-burning, and the causes of future disunity, to which this procedure might give rise,

by arranging for a collective representation, which the States could work out for themselves, as circumstances require?

Indeed, the more closely we scrutinise the suggestions put forward regarding States' representation in the Report of the Federal Structure Committee, the more deeply I am impressed by the difficulties which threaten progress.

The Report contemplates an Upper House of 200 and a Lower House of 300, in which the States' representatives will number 80 and 100 respectively. I must take this opportunity of entering my own emphatic caveat, which I am convinced has the support of the vast majority of the Princes in the Chamber, and of practically all of those outside, against the proportionate strength allocated respectively to the Indian States and to British India.

The claim which we put forward for a fifty-fifty representation in the Upper House, I wish to make clear, was conceived in no bargaining spirit; it rested upon a solid question of principle. This principle was, that the two federating parts of India should be equally represented in that Chamber which voiced the views of the various federating governments as a whole. We maintained, as we still maintain, that it is no policy to keep one of the two great elements of federation in a perpetual statutory minority in the Federal Chamber, especially the one, which as a sacrifice is purposely deviating from its sovereign position to help the realisation of an all-India Federation. This argument itself calls aloud for just decision, as I feel sure it will go a long way for the future peace and goodwill.

But whether the proportion ultimately remains as suggested in the Federal Structure Committee's Report, or whether we take the more equitable course which I am now advocating, my initial contention remains the same, namely, that in any Federal Legislature of practicable size, the actual number of seats available to the Indian States' representatives will necessitate so considerable an amount of grouping, that the individual representation will be automatically ruled out so far as a very large number of States are concerned. And I must put on record my considered apprehension that if the principle of individual representation is adopted, and if its application to the States as a whole is thus circumscribed by the rigid requirements of practical necessity, many States which have hitherto announced their approval of the scheme of federation as a general conception will be compelled to withdraw their support.

On the other hand, if the vision of individual representation for all Chamber States disappears, the great majority of the States will find themselves equal partners in a States' confederation which will jointly return all the States' representatives. Such a project, which will reconcile the dignity and the individual existence of the States, with the practical requirements of the new Constitution is, as I have already said, receiving growing support from among those States whose natural anxieties have been aroused by the realisation that individual representation is impossible for them.

I would further point out in passing that the plan of confederation provides an easy, and indeed a semi-automatic solution for the difficulty discussed in paragraphs 15 and 16 of the Report, which will certainly arise if the entire body of Indian States do not desire to enter federation in the first instance.

I am convinced that the more closely this plan is examined, the more clearly will it appear that it will solve a variety of intricate questions, which are certain to arise between the States *inter se*, connected with the allotment of representation to particular interests, and the redistribution which will be necessary consequent upon the entry of further States into the federation. Moreover, it will once for all exorcise that spectre which has from time to time alarmed the truest and most enthusiastic supporters of the federal idea, namely, the virtual impossibility under any scheme of individual representation, of fitting a very large number of States, big and small, to the framework of a greater India.

Further, if I may be so bold as to say so, I believe that there are features in the confederation plan, which would appeal very strongly to our British-Indian friends. Not only will this plan facilitate the rapid entry of States into the federation, and thus enable the scheme of all-India to be initiated with the least possible delay, but in addition, it contains within itself the germ of a great educative machinery, which will encourage the various States, by moral persuasion and by the force of practical example, to pursue the ideals inherent in Federation; to modify in a true sense where essentially needed their administrations, which will in no way be foreign to the genius of the people of the land. In short we shall fully justify our peculiar existence and be worthy and helpful partners in the great scheme for the land of our birth, where we are no strangers and where our inherent and genuine love for that great country is second to none.

Besides, such a machinery as this will immensely facilitate the task of the federal executive in securing the enthusiastic co-operation of the States in all federal activities.

Finally, it has to be remembered that under the plan of confederation, the representatives of the Indian States who will sit side by side with the representatives of British India, will not be mere nominees, but will themselves have passed through a process of very real, though perhaps restricted, election.

The mere fact that the plan of confederation has been hailed by so many representatives of the medium sized and smaller States as a solution of the practical difficulties attending their entry into an all-India Federation, has perhaps of itself been responsible for creating certain apprehensions in the minds of the greater States. I am convinced that these apprehensions will disappear, as the details of the scheme become better known.

It would obviously be unfair to expect the bigger States to content themselves with a single vote in the Electoral College, side by side with single votes of the smaller States. A position so illogical

has never been contemplated. It is proposed that the greatest States shall be entitled to a number of permanent seats, in proportion to their actual importance. These permanent seats must, of course, be filled by the Electoral College from the quota of representatives nominated by each big State, so that if a State having four permanent seats were to nominate only four candidates, all four would automatically be adopted by the Electoral College.

The nomination of a greater number of candidates would not only enable the College to elect from that panel the best individuals; but would also, place at the disposal of the College, for the purpose of the representation of regional and special interests, an adequate supply of trained intelligence in which the greater States are fortunately so rich.

Indeed, one fascinating feature of the confederation plan is its accommodating flexibility; and the manner in which it can be adapted to meet the requirements of the bigger, as well as the smaller States, which if I may say, will be for the undisputed benefit to both; as well as to provide for the representation of regional and special interests.

In my judgment, it is this plan and this plan alone, which provides the solution of many apprehended difficulties, and I confidently commend it to the favourable notice of all those who are true supporters of an all-India Federation.

I thank you, Sir, for giving me the opportunity to make these observations.

**Nawab Liaqat Hayat Khan:* Sir, when the general idea of federation was first adumbrated at the last Plenary Session of the Round Table Conference, several of the Indian Princes forming part of the Delegation on behalf of the Indian States at the Conference welcomed the proposal as the best solution of India's abstruse political problems. They did so in an extremely patriotic spirit, inspired and animated with the desire to assist India's achievement of her destined position in the British Commonwealth of Nations—a Commonwealth that will go down in history as the most perfect achievement of human organisation. Their general acceptance of the idea of federation gave a direct lie to the charge that has so often been made that the Indian Princes are opposed to British India's legitimate political aspirations. It cannot be disputed for a moment that the representatives of the Indian States at the last Session of the Round Table Conference generally blessed the conception of an all-India Federation, because they were of the opinion that a federal constitution would be in the best interests of India as a whole. It is also true that they welcomed the idea of federation as an ultimate goal, fully conscious of the fact that the federal constitution would involve a certain amount of sacrifice on their part. It is, however, equally true that none of the Princes present at the Round Table Conference contemplated a scheme of federation which did not adequately safeguard their sovereignty

and internal independence to a degree necessary to perpetuate the autonomous character of their States.

When, therefore, on their return to India, the proposed scheme of federation was carefully examined by the States, several of the Princes who had played a leading rôle in the deliberations of this august Conference last year, including His Highness of Patiala, came to the definite and inevitable conclusion that the scheme outlined here had to be carefully re-examined and substantially supplemented before the majority of the States could reasonably be expected to accept the proposals. Such an attitude on the part of some of the important States has unfortunately been misunderstood in certain quarters; indeed, the Memorandum on Federation issued by The Maharaja of Patiala emphasizing this point of view evoked a great deal of criticism and controversy. But I contend, and I contend very strongly, with due deference to the eminent constitution-makers at this Conference, that this attitude on the part of the States is not only reasonable but fully justified by the circumstances of the case. The Indian Princes would be betraying the sacred trust and duty which Divine Providence has imposed on them in the interests of their States and their subjects if they accepted any scheme of constitution which would gradually lead to the disappearance of their individual and separate existence.

It would be perfectly fair on the part of the British-Indian representatives to ask the Indian States to make sacrifices in the common interests of a greater India; it would be perfectly legitimate on their part to expect that the Princes should willingly and gladly cede a certain amount of their power and authority to the newly constituted Federal Government, in order to create one, united, and undivided India, for the benefit of the three hundred and fifty millions of India's sons and daughters; but, certainly, it cannot be legitimately argued that the Princes should, in course of time, sacrifice all that they possess, all that they cherish, all their sacred heritage and legacy, in order that British India may realise its political ambition. If the States are expected to make sacrifices in the interests of India as a whole, British India must equally be prepared to make sacrifices, and the future constitution of India must be framed and constructed in a spirit of generous compromise. I would, therefore, appeal to my brothers in British India—and to my British-Indian colleagues here—to be as generous to the States as the States are to them, and so make the States' cause their own. As the accredited representative of His Highness The Maharaja of Patiala who, as the Chancellor of the Chamber of Princes, blessed the conception of federation at the last Plenary Session of this epoch-making Conference, but who, in the interests of the States, also criticised the scheme outlined in the report of the Federal Structure Committee, I can assure my British-Indian colleagues that the Indian States are fully alive to the legitimate political aspirations of British India and are fully prepared to make such sacrifices as may be necessary in order to help British India realise her legitimate aspirations, but I must also assure my colleagues that

no constitutional scheme would be acceptable to the vast majority of the States which did not recognise and appreciate two fundamental principles which the States are not prepared to abandon. In the first place, any constitutional scheme which it is intended that the States should accept must necessarily recognise the incontrovertible fact that, whereas the Indian States enjoy and exercise sovereign power and authority, the other federating units of the proposed federation are neither sovereign nor autonomous: hence, the constitution must necessarily provide adequate and substantial safeguards for the maintenance and preservation of the internal sovereignty of the States. No scheme of constitution which does not pay due regard to this important factor will, I can assure my colleagues, be acceptable to the majority of Indian States. Secondly, if the British-Indian representatives at this Conference desire that the bulk of the Indian States should enter the proposed all-India Federation, the federal constitution must provide for the maintenance and preservation of the traditional and time-honoured relations between the States and the British Crown. The Indian States would not, I am sure, be prepared to accept any scheme of constitution in which they would be placed in such a position as would deprive them of the necessary right and power to maintain their relations of amity and friendship with the British Crown. I submit, with all due deference, that the scheme which has been elaborated at the Federal Structure Committee this year, and which has been placed before the Conference for our consideration, does not adequately recognise these two principles, and therefore must be substantially altered in order to make it acceptable to the States in general.

Sir, with your permission, I will now proceed to cite one or two instances, to substantiate the contention I have advanced that, in the proposed constitution, the position of the States will not be sufficiently safeguarded to enable them to discharge satisfactorily their obligations to the Crown, as well as their trust towards their subjects.

Let us take, for instance, the question of the representation of the States in the Federal Houses. The Federal Structure Committee have recommended that the Upper Chamber should consist of 200 members, in which the allotment of seats of the States should be in the proportion of 40 per cent., or approximately 80 seats. As regards the Lower Chamber, they have suggested that it should comprise 300 representatives, and the allotment of seats to the States should be in the proportion of $33\frac{1}{3}$ per cent., or approximately 100 seats. So far as the Lower Chamber is concerned, the proportions suggested are unobjectionable; since on the analogy of other Federations, the criterion for the allotment of seats should be primarily, and subject only to minor modifications, the population ratio. But in the Upper House this criterion cannot be admitted. Here we are dealing with the Governments of the federating units; we are concerned with the federating Provinces of British India on the one hand, and on the other, with the federating Indian States.

Any inequality in representation, any departure from the 50—50 ratio of allotment of seats between the two parties of the Federation, will necessarily condemn the Indian States to a position of perpetual inferiority. But it is obvious that if these proportions are finally accepted by His Majesty's Government and by the British Parliament, the Indian States will undoubtedly be placed in a position of perpetual minority. It has been argued that, on the basis of population, the Indian States are not entitled to claim a larger number of seats than the number that has been recommended by the Federal Structure Committee. I would, however, humbly point out that the ratio of population is not the main factor and should not be the guiding principle in the constitution, which we are engaged in devising for the benefit of India as a whole. Further, the basis of population has been disregarded even in the allotment of seats to the various Provinces which comprise British India to-day. To cite one instance only, the Committee have recommended that the Presidencies of Bombay and Bengal should have an equal number of representatives in the Federal House, although Bengal has double the population of the Presidency of Bombay. Similarly, other instances could safely be cited from the Report of the Federal Structure Committee. All these so-called exceptions to the general rule of the basis of population have been supported on the ground that in all these cases considerations of commercial and political importance must undoubtedly prevail. In all fairness to the States, I submit, similar considerations should prevail when the question of their representation in the Federal Houses is being examined. The States are undoubtedly entitled to larger representation on the ground of their political importance and internal sovereignty. They are also entitled to claim larger representation, in view of the fact that they do not in any manner improve their legal status and position by accepting the Federal scheme, whereas British India will certainly be able to realise one of its political aspirations. There is another important point which must not be ignored. When at the last plenary session of this Conference, the Indian States accepted the principle of federation, they did so because they were informed that His Majesty's Government would not be prepared to concede responsibility at the Centre to British India until and unless the Indian States agreed to enter the Federation and thereby exercise a stabilising influence on the British-Indian elements. With due deference I would urge that, if that has been the object of inviting the Indian States to join the proposed all-India Federation, surely the object will be totally frustrated if the scheme now evolved is acepted by His Majesty's Government, because the Indian States will, under the proposed scheme, be placed in such a position of hopeless minority that the question of exercising any kind of stabilising influence will never arise.

For these reasons I am authorised to lend my fullest support on behalf of The Maharaja of Patiala to the scheme which was devised at the Bombay Conference of Princes held in August last, and which has now been laid before this Conference so succinctly and

clearly by The Maharaja of Indore and has been so ably supported by His Highness of Dholpur.

It will be noticed that the scheme which is now being put forward as an alternative proposal differs from the scheme elaborated at the Federal Structure Committee this year on two fundamental and essential points. In the first place the corner stone of the alternative constitution is the combination or confederation of Indian States. This Confederation, it is firmly believed, will obviate several difficulties which might otherwise arise. For instance, it is difficult to conceive of a federal constitution with such a vast number of States as exist in India to-day. Indeed, the history of federal constitutions does not furnish a single precedent in which such a large number of component states have been successfully grouped together. On the contrary, there is ample evidence to indicate that a federal constitution, even when embracing a small group of homogeneous states, cannot prove to be stable or successful in the absence of strong centripetal forces. I therefore submit that if the principle of confederation is not accepted, the proposed constitution will prove to be unwieldy and unworkable. Further, the constitution as framed by the Federal Structure Committee cannot provide adequate and satisfactory representation of all the federating units, if the States and the British Indian Provinces individually are treated as federating units of the proposed constitution. This difficulty is, however, easily solved if all the States which are so closely linked together by racial, cultural and political ties, are grouped together in one solid compact body for the purpose of federation with British India. In other words, if we have two federating units, namely, the Federation of the British Indian Provinces and the Confederation of the States, instead of more than 400 federating units as under the proposed constitution, it will undoubtedly facilitate the smooth and successful working of the new constitution for India.

There is another important factor which must not be lost sight of. If the Confederation of States is carried into effect, and this Confederation constitutes a part of the proposed Federation, it will undoubtedly strengthen the position of the States in the future polity of India. The Confederation of States as proposed in the alternative scheme will be in a position to exercise a stabilising and sobering influence on the extreme elements in the Federal Constitution instead of being in a hopeless position of perpetual minority, as would undoubtedly be the case if the scheme as elaborated in the Federal Structure Committee were finally accepted and brought into force. The claim of the States for equal representation in the Upper House is also strengthened if the Confederation of the States is carried into effect, and there are consequently only two States constituting the Federation instead of a large number of component units. It is our firm belief that with these two different interests, these two federating units differing in regard to political culture and tradition, seeking their fullest development in association or combination in the greatest interest of India as a whole, these two.

different cultures with two different political ideals acting and reacting on each other, will undoubtedly be able to produce a polity peculiar to India and best suited to the needs and requirements of the soil. The second point of fundamental difference between the scheme evolved at the Federal Structure Committee and the alternative proposals which we have put forward relates to the question of the method of representation of the States in the Federal Houses. The alternative proposals provide a half-way house, a compromise between the principles of unrestricted election and of undiluted nomination. Our scheme postulates the election of the representatives of the States by the Chamber of Princes which it is proposed would constitute an Electoral College for the Confederation instead of the representatives being nominated by each individual state. It is therefore clear that the representatives of the States under the alternative scheme will represent the collective interest of the Confederation as a whole, and will thus be in a position to promote the interests of the States when there is a clash between the ideals of the States and the democratic ideals of British India.

Sir, it cannot for a moment be disputed that the Indian States have so far been the noted and remarkable repositories of all that is best in Indian art and culture. If India is to retain her individuality in the domain of art, literature, and politics, the Indian States must necessarily play an increasingly important rôle in the future polity of India, and if the Indian States are to acquire a greater importance in the future constitution, then I would submit that the alternative scheme provides a better and more expedient solution of the most difficult problem which faces us to-day. I would therefore appeal to you for earnest and serious consideration of the proposals with which are associated the names of Their Highnesses of Indore, Patiala and Dholpur, and which are supported by a large section of the Princes' camp—I would appeal to you for your serious examination of these proposals in the interest of India, in the interest of Great Britain, and in the greater interest of the British Commonwealth of Nations.

**Sir Muhammad Mehr Shah:* Sir, I represent in this Conference the great landowners as well as the *pirs*, or spiritual leaders of the Muslims in the Punjab. The class to which I belong is one that naturally keeps itself above communal strife, and my family in particular have been well-known as men of moderate views. I came to this country in the hopes of helping to solve the communal tangle. I deeply regret that we have not been successful. We have all tried our best, but I am sorry to say that the majority community, who should have dealt with us as an elder brother deals with a younger, have failed to play their part.

I know that some people like to fasten the blame for our communal troubles on the British Government. I am in a position to say that this charge is unfounded. For does not the Government know very well that these communal troubles ultimately do no good to anybody, certainly not to the third party? In the first place,

they put a stop to all constructive work and to every class of productive activity. By interfering with the well-being of the people, they bring trade to a standstill. And what Government can approve of such a state of affairs?

Again, communal squabbles between two parties, one of which is stronger than the other, end by making both the contending parties enemies of the third party. In the struggle Government have to help now one party and now the other, with the result that in the end the smaller party comes to feel that it has nothing to again from Government and joins the stronger party. This is what happened in Bengal after the revocation of the Partition, as you heard last Saturday from the lips of my friend, Mr. Fazl-ul-Huq. I feel that the time has come for His Majesty's Government to settle the communal question finally, after making such immediate enquiries on the spot as they may consider necessary. I trust that the announcement which the Prime Minister is going to make to-morrow will include the immediate creation of some machinery that will help him to do this.

In common with my Muslim brethren, I stand for constitutional advance in India, both at the Centre, and in the Provinces, on sound logical lines, and I support generally the views put forward by our revered leader, His Highness the Aga Khan; I believe, however, in steady progress, which, of course, need not be slow progress. As an important step in that direction, I support the idea of an Advisory Federal Council, recently circulated by Mr. Gandhi. From the experience I have had of the working of Government at the Centre, I think it will be all to the good if the various Governments of the future Federation are made to come together regularly, with the object of making their views felt by the Central Government.

While welcoming the principle of federation, however, I am against any undue advantages, political or financial, being given to the Indian States, in order to induce them to come into it. I am very glad to find that the able Chancellor of the Chamber of Princes, His Highness the Nawab of Bhopal, whom all Indians, including his Muslim colleagues hold in the highest esteem, has, in his Memorandum of 13th January, 1931, asked for representation only according to population in the Lower House of the Central Legislature. This is after all but just. In my view the States are not entitled to representation in either House of the Federal Legislature except on the basis of population.

I am surprised, Sir, that in the course of this Plenary Session so little has been said regarding the need for an immediate loosening of the control of the Secretary of State over the Government of India. This control has been irksome enough in the past and is now an anachronism. There is certainly no excuse for it now with so able and experienced a Viceroy as Lord Willingdon at the helm of affairs in India. I trust that this illustrious statesman will be left alone for the next few years to guide the destinies of India.

In conclusion, Sir, I wish to place on record that we Moslems of India will not accept any constitution which does not satisfy the reasonable demands of our community. Amongst the matters to which I attach special importance are the maintenance of the majorities in the Punjab and in Bengal, the setting-up of the North-West Frontier Province as a Unit of the Federation of absolutely the same status as the other Governor's Provinces, and finally, the setting-up of Sind as a separate Province.

**Mr. Shiva Rao:* Sir, I wish to make a brief statement in my personal capacity. Mr. Giri spoke on Saturday for the entire Indian Labour Delegation, and I have not much to add, so far as Labour is concerned, to what he said. I believe, Sir, in one of the Prime Minister's first speeches after the last general election he said that as Prime Minister, he will never overlook the claims of the millions of the workers in this country. I hope that in the work that lies ahead in regard to constitution-building for India, he will give a similar assurance to the workers of my country.

There is one point on which I should like to say a word. A Boundaries Commission will, I expect, be appointed as soon as possible. I submitted a memorandum this year on the need for creating a separate Karnataka province by the amalgamation of all the Kanarese-speaking areas in the Bombay and Madras Presidencies. I shall not go into details; but in regard to Karnataka—and may I add, Andhra—about which Mr. Giri submitted a memorandum—the case for separation has been elaborately worked out with remarkable precision. The Nehru Report made a special reference to these two areas, and the All Parties' Conference at Lucknow in 1928, in adopting the Report, passed a resolution in favour of making Karnataka and Andhra autonomous units of administration. They would be financially self-supporting, the large majority of the inhabitants of these areas have put forward the claim; and both areas satisfy, it seems to me, every test that can be applied for the creation of new Provinces. I hope, therefore, they will receive the earliest attention.

Now, I must pass on to another point in which I have already taken some interest, namely Burma. A Round Table Conference has commenced its work for framing a constitution for a separated Burma, and we have been told that in this India's representatives have no place. It seems to me, Sir, that the whole question of Burma's future has been dealt with from the beginning in a highly unsatisfactory manner. It was brought on the agenda without notice to us last year, and after about half-an-hour's discussion, the Conference in Committee declared itself in favour of separation. In the sub-Committee, one or two of the members of the British Delegation recognised the unfairness of such a hurried decision of so important a question. When I raised it in the Committee, on Lord Russell's report of the sub-Committee, there were several speeches, practically all of them against an announcement of separation without an adequate opportunity being given to all sections of Burman and Indian opinion to express their opinion.

Ultimately, Sir, you gave an assurance to Mr. Jinnah that we should have an opportunity of discussing the question at a Plenary Session. Ten of us, including Messrs. Chintamani and Mody, who are not here to-day, sent a written statement to the Prime Minister on 19th January this year, requesting His Majesty's Government not to commit themselves to a policy of separation without further discussion. To our surprise and regret, we found that in the Prime Minister's concluding speech in the afternoon of that day, a provisional announcement was made in favour of separation.

An official Committee was appointed subsequently in India, consisting of Mr. Nixon and Sir Henry Howard, to work out the financial consequences of separation of both countries. I should have thought that in work of this character, the Committee would include non-official Indians and Burmans. However, the Nixon-Howard report is a remarkable document. It is remarkable mainly for the reason that while it disagrees with Sir Walter Layton's conclusions as embodied in the Simon Report, there seems to be very little agreement between Mr. Nixon and Sir Henry Howard in their discussion of the details of the scheme.

It is not for me to discuss how the Burma Conference will or should discharge its primary task of framing a constitution for a separated Burma. But I observe that the Conference is also to discuss the relations between Burma and India. I cannot understand with whom that discussion is to take place, if India's representatives are not present in the Conference. May I here quote a brief sentence from the first speech that Lord Russell made as Chairman of the Burma sub-Committee on 5th December last year? Referring to the suggestion for a separate Burma Round Table Conference to be held in due course in London, Lord Russell said:—

> "It is obvious, of course, that India would wish to be represented on that Conference to some extent, no doubt, in regard to questions that would arise."

We understood that to mean that India's representatives would have a place on that Conference. But, Sir, our request for the election of ten of our Delegates to the Burma Conference has now been rejected.

I want to refer also to the communiqué issued on 21st August this year by His Majesty's Government, announcing the Burma Conference. It was one of the final acts of the Labour Government, when Mr. Wedgwood Benn was Secretary of State for India. The communiqué stated that the Burma Conference would meet after the completion of the work of the Federal Structure sub-Committee but before the termination of the Plenary Session of the Indian Conference; and that the work of the Burma Conference would be open to review to "all parties concerned." We understood the communiqué to mean that the Prime Minister's assurance, given last year, would be carried out at least at this Plenary Session, and we, who are certainly the foremost among all the parties concerned, would have an opportunity to review the work of the Burma Conference.

Sir, since the issue of that communiqué, there has been a change of government in this country after the last general election. The preoccupations of the new Government have possibly prevented it from commencing the work of the Burma Conference in the manner and at the time indicated in that communiqué. But what is the result? We are deprived of the opportunity, which we expected to have, of reviewing the work of the Burma Conference, and particularly, the relations between the two countries. The Burma Conference is deprived of contact with us in their deliberations. One thing, Sir, is clear. There can be no final decisions until India—not only the Government of India—has had her say in the matter. I hope it may be possible for the Government to declare before the conclusion of this Conference how and when that opportunity will be given to India.

I have referred at some length to the problem of Burma for two reasons. In the first place, I am keenly interested in the future of that Province. But an even more important reason is that there is some danger that the fate of the Burma Conference may also overtake the Indian Conference. Sir, the history of constitutional reforms for India has been a peculiar one. In 1924, a Labour Government appointed the Reform Enquiry Committee, known as the Muddiman Committee. It made hopeful progress for a time; but just at the crucial moment, the Labour Government resigned, and at the general election, the Conservative Party won and assumed office. The result was seen immediately in the Majority Report of the Muddiman Committee; both the Majority and the Minority Reports were rejected by the Government, and the Simon Commission was appointed. Bitter agitation followed, there was boycott and civil disobedience. The Round Table Conference was ultimately called by a Labour Government in 1930. In what spirit it was conceived, and in what manner it would have continued its work was shown by Mr. Wedgwood Benn in the splendid speech he made this afternoon. But there has again been a general election in this country and a National Government is now in power. But, at least, Sir, there is the same Prime Minister. He is committed to the position outlined in his final speech on 19th January last. Only recently, he declared that not only he, but the whole Government stands by that policy. It would have helped us in this plenary session, if before the conclusion we could have had the announcement which he is making to-morrow. We shall have no opportunity of expressing our views on the official statement of His Majesty's Government. We do not know if there will be a continuation of the work begun in this Conference, after we disperse to-morrow. But I profoundly trust that there may be no repetition of the history of 1924. During the last seven years, India has changed rapidly. The masses are more awake and better organised than they were a few years ago. Their discontent, for a variety of reasons, some permanent, others I hope temporary, has never been deeper. The breakdown of this Conference will involve both India and this country in a disaster which will make friendly relations between the two countries impossible in the future.

**Sir Shah Nawaz Bhutto:* Sir, I must thank you in the first instance, for having afforded me an opportunity to express my views regarding the deliberations over which we have been engaged for the last three months. Our time, Sir, being limited, my speech must, of necessity, be short; but short as it may be, I can assure you that the views expressed therein lack nothing in sincerity of purpose.

I do not propose to refer to the many controversial questions which I think have been sufficiently dealt with by my distinguished predecessors.

The Conference has come to an end without achieving any tangible result, and we are all anxiously looking forward to the statement the Prime Minister proposes to make in winding up the discussions. Whatever that statement may be, I am confident that the significance of the discussions could not have been missed by him. There has been a sharp cleavage of opinion between the different sections, specially in regard to the position of the minorities. What the minorities have been clamouring for is not power, but the right to existence. They refuse to agree to any constitution in which their just and reasonable claims do not find a place. Any transfer of power in order to be real, workable and beneficial, must be made having these facts in mind.

Let me at once say that if we have failed to arrive at an agreement on the question of minorities, the blame lies on the shoulders of those who lightly brush aside safeguards for minorities in any constitutional change. I deeply regret that even the Prime Minister's personal efforts to adjust differences were of no avail.

Sir, I come from an agricultural class of people who form 85 per cent. of His Majesty's subjects in India, and venture to think, can have claim to some knowledge of their needs and difficulties. It is very hard for many here to conceive the state of things in the countryside. I am told that the Congress represents this class of His Majesty's subjects too. I seriously ask them if they have devoted any attention to the amelioration of the condition of these people. Is the stirring up of an agitation at Bardoli and the raising of the Hindu tenants against their Muslim landlords in the United Provinces an indication of their interest?

Sir, the state of these people has been daily growing from bad to worse since the reforms. Taxes have risen, poverty is rampant among them, and their land has already slipped out of their hands into the hands of the moneylenders and the capitalists, who charge 35 to 50 per cent. interest. What is the good of responsible Government, if these conditions cannot be improved? It is only by making the administration cheaper, purer and more sympathetic towards their needs that you can bring contentment and prosperity.

The reasons that have enabled the Congress to secure its present preponderating influence on the political situation are not far to seek. Mostly they are economic. But it is also my considered opinion that this body includes many whom racial discrimination

and lack of equal opportunities have driven into it. Remove that discrimination, grant equal opportunities to your Indian fellow subjects, maintain law and order, protect the people from the tyranny of law-breakers who, in their hearts believe in Constitutional advance, and whom you have ceased to support at present—you cannot play the dual role of beggar and Government at the same time—and cultivate your friends. Do this and the British connection with India may yet continue for very long.

I now turn my attention to the separation of Sind, the Province I come from. It is difficult to offer any detailed criticism on the Report of the Finance Committee on the separation of Sind. It is clear, however, that the Committee have exaggerated the amount of the deficit that Sind would be incurring if separated from Bombay. In coming to their conclusions, they have failed to take into account the world conditions of the last three years. With improvements in these conditions and reductions in the present costly administration, Sind would soon find itself on its own legs. When one considers that at present all the Provinces are showing a budget deficit, too much importance to this aspect would only cloud the real issues. On the other hand, Bombay, with its own commitments, is already a deficit Province, and to keep the burden of Sind on its shoulders would only augment its liability. Self-determination is the keynote of our deliberations and it would be an anomaly if that principle were lost sight of in considering the separation of Sind.

In conclusion, Sir, I tender to the Prime Minister my heartfelt thanks for the most painstaking way in which he has tackled the knotty problems that have confronted us. In devoting so much of his valuable time to the Indian question, he has served, not only India, but done signal service to his own country in bringing into broad relief the sincere goodwill with which the Round Table Conference was invited. His singleness of purpose has endeared him to everyone in this assembly, and I join with the Lord Chancellor in saying that if and when Federal India comes into being, he, with common consent, will be hailed as the " Architect of Federal India ".

Mr. Birla: My Lord, I represent in this Conference along with my two colleagues, Sir Purshotamdas Thakurdas, and Mr. Jamal Muhammad, Indian commerce, trade and industries.

Sir, the Federation of Indian Chambers of Commerce and Industry which I have the honour to represent here, is an organisation to which nearly forty-five commercial bodies from all parts of India are affiliated. We have got the entire Indian coal trade affiliated in our Federation. We have got the entire Indian insurance business affiliated to our Federation. We have got the entire shipping trade so far as it is in the hands of Indians, affiliated to our Federation. The tea trade, so far as it is in the hands of Indians, is affiliated to us. The Ahmedabad Cotton Mills, the Punjab Cotton Mills, the Bengal Cotton mills,

and a good many of the Bombay cotton mills are affiliated to the Federation. The same is true of the Indian jute trade, the bullion trade, and Indian banking. Perhaps, besides the Congress Delegation, ours is the only Delegation which is properly elected by the representative bodies and who have come here with a certain mandate. The views, therefore, which I may express here, may be taken as the views of the Indian mercantile community.

Sir, at the conclusion of the last Round Table Conference, when the Premier made his famous declaration, we had the privilege to consider it and at that time we felt that the responsibility at the Centre, as enunciated at the last Round Table Conference was hedged in by so many considerations, so many reservations and safeguards that it would not lead us to the goal which we had in view. Frankly speaking, Sir, we were not at all satisfied with the Statement which the Premier made at the conclusion of the last Round Table Conference. But our misgivings were very much allayed when the famous pact was concluded between Mahatma Gandhi and Lord Irwin, and it was definitely made clear that all the safeguards and reservations were to be in the interests of India. Having this prospect before us we came here with reasonable hopes of finding a satisfactory solution of the constitutional problem. We came here with a determination to do our best; we came here if necessary to make compromises, and to reconcile our conflicting views. We have been working here for the last nine weeks, and it is time that we should frankly state what we feel about our deliberations so far.

If I may say so frankly, we are not at all satisfied with what has taken place here. It has been stated by some of my colleagues here that the Round Table Conference has been a success. I should not be fair to myself and my colleagues if I did not say that we do not take the same optimistic view of our deliberations. Let me put before you, Sir, in a few words what we feel. For the first six weeks we had no discussion on the essentials. We came here to discuss the reservations and such safeguards as may be demonstrated to be in the interest of India; and for six weeks we did not have a whisper of discussion on the safeguards. Then we had some half-hearted discussion, and, if I may put it so, the net result has been that, far from making any advance on the conclusions arrived at the last Round Table Conference, we have receded to the region of the Simon Report or the Government of India Despatch. After all, we have to judge of our success or failure from the reports which have been presented to this Conference, and I submit that the reports do not warrant any optimistic view.

I will confess that so far as the questions of military and external relations are concerned, I do not propose to touch them because they are beyond me; but if I may briefly analyse the reports—particularly the report dealing with financial safeguards, I may say that there is not a shadow of control proposed to be given to the future Indian Government in the sphere of finance. Sir, let me briefly put before you a picture of the present Finance Department

of the Government of India. What is it that the Finance Department at present does? It controls the currency and exchange, and it also controls the revenue and expenditure of the Government. The Budget of the Government of India, excluding Railway finance, amounts to nearly 90 crores. Now let us analyse it and see what amount of control, if any, we are getting on the finance of India. I would start first of all with the Reserve Bank and the control of currency and exchange; but before I do so I may also point out that there is another department of the Government of India which is called the Commerce Department and which controls the Indian railways. The budget of the Indian Railways amounts to nearly 40 crores.

Mr. Joshi: 100 crores.

Mr. Birla: I mean the net budget. I am not talking of the gross budget. It is 40 crores. Now, Sir, that is a very important department; and when we talk of financial control with safeguards, the natural inference which one is to draw is that the Commerce Department will be transferred to popular control without any safeguards; but I doubt whether that is so. We have not at any length discussed the position of the Indian Railways, but a small paragraph has been put in on page 19 of the Federal Structure Committee's Report of the last Round Table Conference where it is stated that "in this connection the sub-Committee took notice of the proposal that a statutory railway authority should be established, and are of opinion that this should be done if after expert examination this course seems to be desirable." Nothing is mentioned as to whether this Statutory Board is to be constituted by the Federal Legislature or by any other authority. Nothing has been mentioned as to who is going to control the future policy of the proposed Statutory Board. This is a very important department, and I regret to note that, in spite of the fact that the matter was brought to the notice of the Lord Chancellor by my colleague, Sir Purshotamdas Thakurdas, in the Federal Structure Committee, no notice was taken of it, and a department which has control of 40 crores (net), or of about 100 crores (gross), has still been left untouched, with its functions and policy undefined. Therefore, I cannot say whether it is the desire of this Conference that this department should be entirely put under the control of the popular minister, or if there are going to be certain reservations even in regard to this department.

Coming to the Finance Department as it is constituted as such, let us see, Sir, what reservations or safeguards have been proposed. I will take first of all the question of currency and exchange. It is proposed that a Reserve Bank should be established to control day to day transactions so far as they concern currency and exchange, but, as regards the power of amending the Indian Currency Act, it is still proposed that the matter should be left with the Governor-General. I will read this paragraph:—

> "With the same object again provision should be made requiring the Governor-General's previous sanction to the

introduction of a bill to amend the Paper Currency and Coinage Act, on the lines of section 67 of the Government of India Act."

Thus so far as currency and exchange are concerned, they are not to be entirely transferred to popular control. The Reserve Bank would be there and it would the creation of the Federal Legislature, but the fundamental powers so far as the question of the policy of exchange is concerned will still rest with the Governor-General.

Then, Sir, we come to the general budget, that is, the revenue and expenditure, which, as I said, amounts to 90 crores. Well, the finance of the Army, it is proposed, should be controlled by the Crown, and that takes away 47 crores. Then there is the question of debt services, and that amounts to 15 crores and is again to be reserved to the Crown. Then there is the question of pensions and other things amounting to 10 crores, and that again is reserved for the Crown. Out of a budget of 90 crores, 72 crores or even more is to be reserved to the Crown. Out of the total functions of the Finance Department, currency and exchange is to be controlled by the Governor-General. Out of a budget of 90 crores, 72 crores are to be controlled by the Governor-General. May I ask, Sir, what is left after that?

I was not at all surprised when I found that wide powers were proposed to be given to the Governor-General, the powers with regard to intervention in budgetary arrangements given in paragraph 18 and certain powers given in paragraph 14; because, when you mortgage 80 per cent. of your revenue, you must give powers of that sort. When my esteemed friend, Sir Tej Bahadur Sapru, was joining issue with Lord Reading on the question of certification, I could not help feeling that he was not looking at the facts squarely; I felt that Lord Reading was more logical; because, if you hand over 80 per cent. of your revenues to the Crown, how could you insist that safeguards should be less rigid? I maintain, Sir, that as long as 80 per cent. of our revenue is mortgaged there is no way of avoiding these safeguards. Therefore the financial control could never be effective whether it is to-day or twenty years hence or even 100 years hence so long as this position is maintained. I maintain that until you reduce this mortgage the financial control will never be effective. If we want to have control over our finances let us first of all deal with the basis on which these safeguards are built. Let us reduce the mortgage first and then discuss safeguards. Safeguards then probably would be tolerable even if they are rigid, but as the position stands at present, and with the proposals before us of reserving 70 crores out of 90 crores to the Crown, I say that even if the safeguards are relaxed it is not possible to get any effective control over finance. We must see things as they are and not deceive ourselves into thinking that by creating an Advisory Council here or by doing something else there we are going to get anything of the kind we desire. Therefore let us first of all see whether we can or cannot reduce the mortgage.

I maintain that with sincerity and goodwill it is possible to reduce these heavy charges. I as briefly as possible, Sir, propose to lay before you how it is possible. It is possible as I have said only if there is goodwill, if there is a genuine desire to come to some honourable settlement. If there is no desire and no goodwill then the task becomes impossible. But in any case I think it my duty to lay before you my views in this connection.

Let us take first of all our military charges. In 1913 they amounted to 33 crores. They went up to 59 crores and now they are about 47 crores. The Simon Commission stated that comparing the figures of 1913 with those of 1928 the increase was 100 per cent. Military expenditure in India in 1928 as compared with 1913 registered an increase of something like 100 per cent. Now, Sir, what has been the increase in other countries? These are not my figures. The figures have been compiled by the Simon Commission and I am only quoting them. In the Dominions the increase was only 33 per cent. In Great Britain the increase has been 48 per cent. Would you not admit, Sir, that this increase is simply monstrous? What is the reason for this increase? Prices have not risen since 1913. We have come back to the same level. It is quite correct that there was an increase in prices in the interim period but now the level is more or less the same as in 1913. No one can suggest that the danger to the peace of India has been in any way aggravated since 1913. I should say that with the invention of new weapons, with aerial warfare, with the growing mechanisation of the army, military expenditure should have gone down. It is impossible for anyone to maintain that such an increase is at all justified.

I am a layman and I cannot analyse in detail where the army expenditure should be reduced but as a layman and a man with common-sense I can at least say this much that there is no justification for any increase above the figure at which it stood in 1913, which was 33 crores. I say, Sir, that with genuine desire and goodwill it is possible to bring down the army expenditure at least to the level of 1913. Then, Sir, the Simon Commission said that it is not fair that all the military expenditure should be charged to the Indian revenues. I agree, I wish, Sir, that the Prime Minister had been in the Chair just now because this was his opinion also. In fact he went to the length of saying that 90 per cent. of the Indian military expenditure should be charged to the Imperial revenues. I would be a little modest. He said 90 per cent., and I will be satisfied with less, but I think no one can resist the proposition that a substantial portion of our military charges are for Imperial purposes and should not be debited to the Indian revenues. Now, Sir, I think all will agree that it is possible to bring down the military expenditure to a much lower level. That is one item over which I think we ought to have substantial agreement. It is in the interest of England, it is in the interest of India that we must economise in that direction.

Coming to the next item, namely, of debt service, I need not assure you, because the Congress has already assured all, that it is not the intention of any one to escape one single farthing of our just obligations, but there are claims which I maintain ought to be examined. The Congress has issued a Report, and I know that some of you may simply laugh and say that this is a ridiculous claim which could never be entertained, but I maintain that some of the claims that have been made by the Congress could be justified, at any rate. Any impartial observer would come only to one conclusion, that there are a number of items which should never have been debited to the Indian revenue: expenditure on account of the Egyptian War, expenditure on account of the Sudan War, expenditure on account of the Abyssinian War. May I ask what India had to do with all these wars? Is it not fair that we should examine our obligations and see whether some of the items which were debited to the Indian revenue should not now be debited to the British revenue? Then, again, if it is contended, as it has been even by the Simon Commission, that a portion of the military expenditure should in future be charged to the Imperial revenue, may I ask: what about the past? It is all right to say that adjustment should be made in future, but I say, what about the past? It is only a question of principle. If in the past the total expenditure has been charged to the Indian exchequer and if it is proved that a portion in future should be debited to the British revenue there is no reason why we should not adjust also our past accounts. I am sure there is a very strong case for the investigation of our liabilities, and if our liabilities were examined by any impartial tribunal—I do not mean the League of Nations—I say if our liabilities were examined by any impartial tribunal composed of Englishmen and Indians they could come only to one conclusion: that India has been treated unjustly and that a large amount should never have been charged to the Indian revenues, and that now there should be an equitable adjustment of India's burden.

If, Sir, we attacked only these two items we could make a substantial reduction. Then, if we could so reduce our mortgage, probably the safeguards would be tolerable. Probably you would not insist on safeguards of the kind on which you are insisting at present, because then the percentage which is now 80 would go down; it may be below 50, it may go down even to 40, and therefore you would not be insisting on the same rigidity as you are insisting on to-day. I again suggest, Sir, that if we are to insist on complete financial control, whether to-day or twenty years hence, you will have to face this problem; you will have to reduce these mortgages. Until then it is not possible to have effective control.

Now, Sir, let us consider this question from another angle. What is the implication of an 80 per cent. mortgage? We Indians have maintained all along that the Indian administration is a most costly administration. It may be very efficient. All the same it cannot be denied that it is a very costly administration. Now

supposing the future Finance Minister, with the approval of his Cabinet, decided that economies should be made in certain respects, where is he going to make those economies? Out of 90 crores, 72 crores is already reserved to the Governor-General which the Finance Minister cannot touch, which he should not touch. There are only 20 crores left. What economies is he going to effect in 20 crores? He may effect paltry economies here and there, but he cannot make any substantial economy. And, over and above that, he must have money for future developments in India. Where is he going to find the money? You are putting a sort of permanent seal on the extravagance of the past administration. He cannot touch your 70 crores; he must impose new taxation; and how is he going to find new taxation? He must be faced with a deficit budget every year. Do you think this is the kind of financial control which we want? It is something like having possession of the Treasury vaults without its contents. I do not think any self-respecting Finance Member could carry on with all these rigid safeguards and will care to accept office with a stipulation that 72 crores every year, without questioning the justification, shall be handed over to the Governor-General.

Sir, much has been said about satisfying the City financiers. Speaker after speaker got up and talked of our sterling debts, as if all our liabilities confined to them. I was a little pained when I heard my esteemed friend Sir Padamji Ginwala get up and say that his peace of mind would not be disturbed even if he found the mortgagee in possession. In fact I was very much pained to hear that. We all take it for granted that we have to satisfy only the City financiers; but we forget that half of the Indian liabilities have been provided by the Indian investor.

Sir P. Ginwala: I am sorry to interrupt my friend, but I made no distinction between sterling and rupee debts at all.

Mr. Birla: Well, Sir, he said even if he found the mortgagee in possession—

Sir P. Ginwala: The legal position was such. I did not say he was in possession.

Mr. Birla: I am coming to that. He said that even if he found the mortgagee in possession.

Sir P. Ginwala: No, not the mortgagee in possession—even if the legal position was that the mortgagee was in possession.

Mr. Birla: Who is the mortgagee? Is it the City financier alone?

Sir P. Ginwala: No, I did not say that.

Mr. Birla: It is not the City financier alone. Well, if it is also the Indian investor, may I ask if the Indian investors have sent their representative here to ask for these safeguards? For whose benefit are we providing these safeguards? Satisfy the City financier by all means; I am prepared to satisfy him; but I would issue a warning to my friends not to run too much after the City financier, trying to woo him, because you have not only to satisfy

him, but, more than that you have to satisfy your Indian investors; and if you mortgage 80 per cent. of your revenues the Indian investor is not going to be satisfied with that sort of finance. He does not want that sort of safeguard. In whose interest are you going to mortgage 80 per cent. of our revenue? Surely not in the interest of the Indian investor.

I therefore maintain, Sir, that you may satisfy the City financiers, but do not ignore the Indian investor, because if you lose his confidence you cannot maintain the credit of the Indian Government even for one day. This Government could not do it and your Government shall not do it. It is impossible for any Government to maintain the credit of India without inspiring confidence in the Indian investor. Who is going to provide money for all the new developments? Certainly not the City financiers. It is the Indian investor who is going to provide the money, and you should do nothing which may lose you his confidence.

Did the Argentine or America, when they borrowed money from London, provide any safeguards in their constitutions? Why should the City financiers ask for constitutional safeguards from us? After all, we have been with them and we want to be with them as their partners. The Argentine is not your partner; America is not your partner. Still, America borrowed a large amount of money before the War, and they never provided any safeguards of the kind which you are providing in our constitution. They did not provide anything of the kind in their constitution. Therefore I issue a warning that you should not ignore the Indian investor. And I want to make it clear that the Indian investor does not want these safeguards; he detests these safeguards, because these safeguards which are proposed are not in his interest; they are in the interests of the City financiers. He knows very well that if 80 per cent. of the revenue is mortgaged to London, to the Governor-General, then his position is simply jeopardised. His position is not at all secure. And, therefore, we strongly oppose these safeguards.

It may be asked whether it is possible to prepare a workable scheme and to that I would answer that it is. I said at the beginning that it was possible to prepare a workable scheme provided there is goodwill, there is sincerity, and there is a genuine desire to come to some sort of amicable settlement; but, Sir, I very much regret to have to confess that that atmosphere is totally lacking at present here.

The last Report by the Federal Structure Committee on safeguards is worse than it was last year. It has been decided that you cannot define financial safeguards at present. The shadow of control which the last Round Table Conference proposed to give has been obliterated and indeed wiped out of existence. I maintain, therefore, that it does not look at present as if there was a genuine desire to come to an amicable agreement. We have been talking of safeguards and that sort of thing so far simply to waste our time. If there was a genuine desire to do so, I maintain it is possible to

arrive at an amicable solution; but, whatever may be said, whatever protests may be made from the Government benches, the fact remains that if the mandate "Wind up the Conference and send Gandhi back" has not been obeyed in the letter, at least it has been obeyed in the spirit. To-morrow may show a change of heart, but up to this time I confess frankly that I do not see any genuine desire to come to any workable agreement.

You may, if you like, Sir, blame us for not having arrived at a communal settlement. I deplore the fact and I confess our failure. If you like you may exploit it, but may I put this point to you. Have you perfect unanimity in your own country? Have you settled your minority problem? Are you all united on the question of tariffs and many other problems? Certainly not. Why then should you exaggerate our disunity? There are reasons for this disunity, and I hope we shall be able to come to some agreement among ourselves; but I would warn you not to exaggerate it and not to take advantage of it.

The Conference may be wound up and Mahatma Gandhi may be sent back, but, may I ask, what next? Have you got any programme? People here swear by law and order, and I should like to say, Sir, that we business men too, are equally for law and order. It is under law and order that business men thrive. Disturbance, discontent and anarchy do no good to any one, certainly not to business men.

The difference, however, between us and those reactionaries who have been crying hoarse for law and order and who have been swearing by strong government is this, that while we really want law and order in India the reactionaries here are actually driving the country towards disorder, strife and anarchy. They are not leading the country towards law and order. We were sermonized on the efficacy of persuasion and reason. It was said that the policy of the Congress was a policy of negation, a policy of destruction, a sterile policy. What have you proved? We have been discussing, reasoning and trying to persuade you for the last nine weeks. What is the result? We are nowhere. Has it not been proved by your actions that the policy of persuasion and of reason has failed?

I am sorry to have to say that, but, as a simple-minded man, I cannot draw any other inference. You have said in so many words that the policy of persuasion has failed, and what is it that you are doing? You are challenging the Congress to start the civil disobedience movement again. In whose interest do you want to head the country towards disorder and strife? Surely not in the interest of India; surely not in the interest of England. I feel puzzled because what are the implications of the civil disobedience movement? I do not want to frighten—I have no desire to do so—but as a business man I think, Sir, it is my duty that I should lay these facts before you. Now, what are the implications of the civil disobedience movement, the no-tax campaign. As a result of it the land revenue constituting an item of 35 crores, suffers.

Excise goes down. That constitutes an item of 20 crores. Business suffers and the result is that the Income-tax goes down. Boycott foreign goods and Customs decline. The breaking of the salt laws means that the salt revenue goes down. The result is that there is again a deficit in the budgets, Central and Provincial. You have been emphasising the importance of the credit of India. What happens to the credit of India and how are you going to balance the budget? Not through new taxes because no source of taxation has been left untouched. Not through borrowing because when a country is in a disturbed condition no investor, whether he be an Englishman or an Indian, cares to invest his money in Government securities. The result is that you must be prepared to remit money from England to govern the country. I put this question: In whose interests is this all going to happen? Is it going to do any good to your trade in India, any good to your industries, any good to your sterling? Whom is it going to benefit? I ask this question and I feel puzzled. The other day a friend of mine paid Englishmen the compliment of being a nation of shopkeepers. It was a compliment. When I see a nation of shopkeepers—I am using that phrase in a complimentary sense—when I see men of commonsense, business men ready to remit money simply to govern a country which could be governed in other ways, better, cheaper and really satisfactorily, I do not understand for whose benefit it is all happening. There is the other side of the picture. Lord—then Mr.—Snowden once rightly remarked that if you increased the purchasing power of each person in India by a farthing per day there would be an increase in your trade of 60 million pounds per annum. Those are the two pictures. Why should we not choose the better of the two? Why cannot we come to some sort of honourable settlement by which we can have peace and prosperity in the country? Law and order I certainly want, but I say that law and order cannot be maintained unless the country is governed with the consent of the people.

No Government can be strong enough to govern a country without its consent. Therefore I maintain that if you desire law and order the condition is that you must govern us with the consent of the people or the people must govern themselves and be your friends and your partners. I warn you again that you will be making the greatest mistake of your life if you do not take the opportunity of coming to a friendly settlement. An English friend of mine said the other day " Fellows, you made the greatest mistake of your lives in not coming to the Round Table Conference in 1930, when the Labour Government was in power and the Government was very sympathetic." I do not know whether there is any truth or not in that statement but I say it is truth that it would be the greatest mistake of your lives if you do not take the opportunity of coming to terms with India. I know the youth of my country. It is quite possible that a few years hence you will not have to deal with men like Mr. Gandhi who has proved in many respects a greater Conservative than many of you, you may not have to deal with Princes, you may not have to deal with capitalists

like myself, you may have to deal with new men, new conditions, new ideas, and new ambitions. Beware of that.

There are two clear paths. One of them will lead to ruin, destruction, strife and anarchy; another to peace, contentment and prosperity. Which will England choose? I hope, Sir, that the statesmanship of England will rise to the occasion and choose the path of goodwill, contentment, peace and prosperity.

Mr. Tambe: My Lord, in view of the number of presons who wish to speak to-night I should have denied myself the privilege of addressing the Conference, as I do not wish to place the views of any particular class of the community before the Conference, but certain remarks fell from Sir Akbar Hydari concerning the position of Berar, and as I am the only representative who hails from Berar I think I should state the cause of Berar before the Conference. The people of Berar have sent in representations to the Government and I am sure they will be considered at the proper time. Therefore I shall not take up much of the time of the Conference by going into details; I shall make a very short statement.

Sir Akbar Hydari has stated to the effect that Berar cannot be regarded as anything but an Indian State under the sovereignty of His Exalted Highness the Nizam and its government must accord with this fact. He also expressed that whilst safeguarding his rights H. E. H. the Nizam has no wish to deny to his subjects of Berar as great a measure of autonomy as may be found possible for the British Indian Provinces.

I am thankful to Sir Akbar Hydari for the latter part of the above statement and for clearing the position. It is difficult, however, to define the exact status of Berar in its present condition. Technically, I admit it is not British India, but so far as its administration is concerned its governance has been permanently transferred to British Government by the treaty of 1902, which reaffirms the sovereignty of and reserves to H.E.H. the Nizam an annual payment of a fixed sum. The Province has been continuously under British administration since 1853, nearly eighty years now, and is administered as a part of a British-Indian Province, *viz.*, the Central Provinces, for the last thirty years. Its people are enjoying the same political rights and privileges as the people of the other part. It is for all purposes of governance treated as part of British India.

Naturally its people desire that Berar should find a place in the Federation as a separate federating unit in the same way as any British-Indian Province, with power to elect its representative to the Federal Legislature and to enjoy the same type of Provincial government as will be obtaining therein. It may be noted that even at present Berar is electing its representatives to the Central Legislature independently.

I do not suggest for a moment that the rights affirmed and reserved to H. E. H. the Nizam by the agreement of 1902 should in any way be prejudiced, but if anything more is implied in the

former part of Sir Akbar Hydari's statement I must clearly state that the people of Berar do not want to be treated in any way differently from any British-Indian Province.

Sir Chimanlal Setalvad: Sir, I am glad at this stage of the Conference to have the opportunity of saying a few words. Deeply indebted as we are to the Prime Minister, the Lord Chancellor and other Members of the British Delegation, we cannot be too grateful to Lord Reading for the very helpful part he has played in the deliberations of this Conference. As we all know there were occasions in this Conference and the Federal Structure Committee when the ship was going to founder and on every occasion Lord Reading came to the rescue. His speech this morning, as forcible as it was sincere, will reassure millions in India that the real British mind is not represented by the Mestons or the Rothermere Press.

What has emerged from the discussions is this, that the way of self-government in India lies in federation; and I endorse what fell from my friends Sir Tej Bahadur Sapru and Mr. Jayakar that that is the ideal that has to be worked out as soon as possible. One no doubt realises the difficulties in the way of effecting the federation we have in view. There are various investigations to be made, various difficulties to be surmounted; but I do say this with all earnestness that, whatever difficulties there are to be surmounted, whatever investigations have to be made, speed up all that and arrive at the Federation as early as possible. Pray do not use those difficulties and those investigations as a pretex for delaying self-government in India. Pray do not, in the end, after those investigations have been made, say that federation is not possible and therefore responsibility at the Centre is not possible. No doubt Federation and Central responsibility are linked together, but make up your mind to bring about federation in as short a time as possible, for, let me assure you, India is in no mood for any great delay in this matter; she is determined to be free at as early a date as possible, though as Sir Tej Bahadur Sapru said, we are quite willing to give reasonable time to work out the federation scheme and put it into operation.

Here I must say, Sir, that I agree with my friend that any attempt to give these reforms by instalments, as has been suggested in various quarters—for instance, to begin with Provincial autonomy and then work up to Central responsibility and Federation later—is a scheme that is doomed to failure.

Provincial autonomy without Central responsibility will really be a sham and an illusion. If you look at the matter squarely you will recognise that the need for Central responsibility is more urgent than any other reform in India. Take the present state of things at the Centre. You have there a standing hostile elected majority, and the Government always in a minority. That engenders, and must engender, irresponsibility on both sides. The elected members of the Legislative Assembly know that whatever they do the King's Government will be carried on, and therefore, as they have not the burden of responsibility cast on them, as

would be the case in any democratic institution, they are bound to be, and have in fact become, and will still more become, irresponsible. On the other hand, in the same manner the Government, knowing that they have the power of certification, that they have the power of doing everything over the heads of the Assembly whatever the vote of the Assembly may be, are equally irresponsible on the other side. I therefore say, Sir, that responsibility at the Centre is the most urgent need of India, and you should take that in hand instead of quarrelling about Provincial autonomy and things of that character.

My Lord, there are various difficulties in the way of working out the constitution in the manner in which we want it to be worked out. There is no doubt that the question of the minorities has not yet been solved. I may say at once that all right thinking men will admit that the minorities have to be satisfied, that the minorities have to be assured of their position in the new constitution, and the majority community must go to great lengths to make concessions to the minorities, but I do say, My Lord, that the difficulty of solving the minorities question has been too much exaggerated in this Conference as well as outside. It has been made to appear that all these communities are disagreed on almost every point and are at loggerheads about every matter, which is far from the truth. If you critically analyse the points of difference, I make bold to say that the points of agreement are many more than the points of disagreement.

As regards the essential and fundamental safeguards to which any minority is entitled, namely, the protection of their religion, culture, and their place in the Services, and so on, there is really general agreement; formulas to that end were drafted last year, and I do not think any right minded-person wishes to go back upon them.

The whole difficulty centres round the problem of the Punjab and of Bengal, and I cannot help thinking, My Lord, that with a little more goodwill and give and take, these problems should not be beyond solution. In any case, if you narrow down the points of difference to the Punjab and Bengal, it is a matter which even the Government can very well decide with satisfaction to the parties concerned.

There remains the question of joint or separate electorates. I have said before and I am still convinced that joint electorates are much better in the interests of the minorities themselves, and are certainly in the interests of the Muslim community, but however that may be, if the bulk of the Muslim community are still not convinced about it and are still insisting on separate electorates, why then, let them have them for the moment, until they see better where their interests lie.

But, My Lord, whatever you do I do hope that provision will be made, whenever this question is solved, that any person, whether he be a Muslim or a Christian or belongs to any other minority community, who wishes to be in the joint electorate shall be allowed

to do so immediately he declares his desire. There is no reason why the individual liberty of action of any person should be fettered by the bulk of his community. Further, a device of that character would serve this purpose; it would demonstrate, as time goes on, where the ruling feeling in any community lies, whether in favour of joint electorates or of separate electorates. It would also afford a door for ultimately bringing the people into the joint electorates when they thought it was better for them to be there. I think, therefore, that the solution of the minorities question should not stand in the way of that constitutional advance which is more than due to India.

Then, Sir, coming to the question of the various safeguards and reservations in the constitution, I cannot help thinking that this question of reservations and safeguards has not received the treatment and the attention in the Federal Structure Committee which such a question deserved. If I may say so, with due respect to the members of that Committee, this question has in a manner been slurred over.

A lot of time was devoted to settling the number of members of this Legislature or the other and questions of that character.

Mr. Sastri: That was not settled either.

Sir Chimanlal Setalvad: That was not settled either but a good lot of time was spent on that and comparatively little attention was given and very little progress was made with regard to those reservations and safeguards. Taking the question of the Army, I agree with Mr. Birla that the expenditure on the Army in India is quite out of proportion to the financial capacity of the country. It is up to British statesmen to see that investigation is made and the expenditure on the Army brought down to proper proportions. The present burden is too heavy for India to bear and if she is made to bear that burden still in the future I do not see how financially the country can prosper.

Then coming to Finance, nobody need fear that Indians themselves will be unmindful of the necessity of maintaining the credit of India in the world's markets. Why should Indians be acting suicidally about things which will damage the credit of India? Therefore I ask British statesmen to trust India and to trust Indians to do the right thing in these matters.

I quite agree that there should be some safeguards, but whatever those safeguards are they should be internal in the country itself and not external or imposed upon the country by the authority of the Secretary of State. That is the way in which I view the formation of the Financial Council which has been suggested by Sir Tej Bahadur Sapru. The point is this, Mr. Chairman, that we do not want financial policy to be dictated from Whitehall as it is at present. There are cases even when the Government of India as at present constituted is overruled by the Secretary of State. We do not want financial policy to be dictated from England. It

should be vested in the Government of India which will come into existence under the new constitution.

Then I come, Sir, to the question of commercial discrimination. Let me assure you, Sir, that nobody desires unjustly to discriminate against any particular community or against any particular interests. It must be remembered that every Dominion has the inherent right to define its citizens. Therefore I do not agree, Sir, that it should be dictated to India how her citizenship should be defined. If you do that you are taking away one of the attributes of Dominion Status. It does not mean that no security is to be afforded to British interests in India, but let that be done by convention and not by statute. As you will remember, Sir, Mr. Cosgrave stated the other day in connection with the Statute of Westminster that you cannot create goodwill by statute or by regulation. Depend upon it, therefore, that this must depend upon goodwill. Let the Englishman in India trust the Indian in the new Indian Government, and I am sure he will act both fairly and justly.

Mr. Chairman, I do not want to detain the Conference any further, but I repeat what I said before, speed up. Do bring about the Federation, the constitution, in full form as early as possible. India is in no mood to wait, and if you allow time to pass you will have to deal with still more difficult conditions in India. In the common interests of India speed up and do the right thing.

Sir Purshotamdas Thakurdas: My Lord, I should not have thought it necessary to overburden the already heavy list of speakers which is in your hands if I had not thought it my duty to put before the full Conference two points which I think require to be considered by the Conference as a whole. I do not wish to refer at all to the necessity of the Government decision, which we will hear to-morrow, not being restricted only to the introduction of Provincial autonomy but also giving us fair and reasonable scope in connection with Central responsibility.

I wish to restrict myself to-day, Sir, to a more immediate purpose, the purpose being the problem which faces India in common with the rest of the world as a result of what has been called the "economic blizzard" which has been blowing all over the world. May I venture to ask what it is that this Government proposes to do in connection with saving India from the worst effects of this "economic blizzard"? Ever since I came here I have been greatly struck by the manner in which you here, Sir, forgetting your party differences, called for a National Government, and the emphatic and unequivocal manner in which your electors returned a National Government. One cannot help being impressed by the extraordinarily short notice which your House of Commons gave to the country at large before putting on heavy import duties to the extent of 50 per cent. recently, and in some cases power to collect that duty with retrospective effect. This cannot but strike one as being a National Government working on lines which are regarded as national. What is to be done in India

for the next year or two, may I enquire? Is the Government in India to be carried on in the same old manner in which it has been carried on during the last five, ten or twenty years, with protests from the taxpayer, with protests from the commercial community, with protests from the industrialist, with great groans from the agriculturist, for whom everybody is never tired of claiming the greatest sympathy. I venture to submit to you, Sir, that the Legislative Assembly in India has given signal proof of its disapproval of the manner in which they regard the administration that is being carried on. For only a few days back we heard of the Assembly having thrown out the Finance Bill which carried the emergency taxation to the extent of about seven crores or so. I heard in the City here very serious complaints from men who do not know the conditions in India, but who judge of them from what they think would ordinarily be done here. I venture to ask whether this is not a thing which requires immediate action from the authorities whilst you are making your enquiries and are making up your minds as to what should be done next regarding our constitutional reform? Is it to be expected that any further taxation will be voted easily by the Legislature in India, be it either Central or Provincial?

Sir, I had the honour and the privilege of leading a deputation in 1922 before Lord Reading, and then I was in company with representatives of British commerce. It was a deputation which consisted of representatives of two wings of commerce in India. We both then said that we felt that the taxable capacity of the Indian had been reached, and in the case of the Indian commercial community I said that it had been overburdened. Taxation since then has not gone down in India; it is going up by leaps and bounds. Last April fourteen crores was voted by the Legislative Assembly. Only this morning another six to seven crores was suggested; the Assembly threw it out. The Viceroy, after meeting leaders of parties at the Viceregal Lodge at Delhi, had to certify it. I wish to ask whether it is the intention of the British Cabinet to tolerate for the next year or two years this administration being carried on in India by certification and in spite of protests from all over the country?

Your currency policy here, Sir, seems to me to be strikingly different from the way in which India is being treated. You cut away from the gold standard here over-night or by a method which was once described in India as a nocturnal adventure. You did that and your people here are taking the comfort that prices are going up for the agriculturist. But the interest of England regarding higher prices is insignificantly small compared with the interest of India regarding higher prices to her agriculturists. You import raw materials, and therefore your depreciated exchange does not benefit you to the same extent in England as it benefits us in India, with 80 per cent. of our population engaged in agriculture, with the credit of the country, nay, the very existence of the country depending upon her agricultural operations. By the currency policy which has been followed and persisted in in spite

of protest from all over the country, you still persist in maintaining in India an exchange which is not only not lower but is certainly higher than the one which prevailed on the 21st September last. On the 21st September last, when England was on the gold standard and India was on the gold standard, the sterling exchange was 1*s.* 5¾*d.* You have gone down here from 4·86 to 3·40 to the £ to-day I hear. India has been kept linked to sterling, but the sterling has gone up from 1*s.* 5¾*d.* since 21st September last. It went up by as much as 7/16ths and is at 1*s.* 6⅛*d.* to-day. We are given the consolation that as sterling depreciates against gold, so India benefits as far as the gold standard countries are concerned. But I venture to ask how many countries there are among the customers of the raw material of India which are on the gold standard? Is not sterling the main currency in which the dealings of western Europe at present are carried on? If so, how do you justify this in the name of justice and fair play? How do you justify the sympathy which you claim to have for the masses of India and the agriculturists? This appreciation, has, I submit with all deference, no parallel in any country which can talk of doing justice to the masses of another country over which it rules.

I submit, Sir, that this is a palpable act of injustice which is intolerable and which must be set right.

There is, however, one further point about it which is a tragedy. You have not only linked us to sterling, but you have linked us to sterling down below, and you have left the top open. According to the Statute, the Government of India need not come in to resist any rise in the exchange except at 1*s.* 6*d. gold,* and 1*s.* 6*d.* gold to-day, with a 20 per cent. and more depreciation against gold, would work out at about 1*s.* 9*d.* sterling. Is this fair? Is this tolerable? I am surprised that for the last six weeks, although we have been appealing to the India Office and asking them to examine this matter, we have not had any reply at all.

We are told that conditions all the world over are bad. Conditions may be bad all the world over, but people there may have the power to bear it. We refuse to bear it, and we ask for justice. Here is an earnest of what you may be giving to us to-morrow and hereafter. In the name of the agriculturists of India, I say that either all this that we are going through here is—to use a word which I do not want to be misunderstood—a sham or you must do justice to the tiller of the soil in India, who has been groaning under the handicap and injustice which has been concentrated on him ever since 1924.

Sir, the next few months in India will be very critical months. The next few months will be critical all over the world. In India they will be critical for the tiller of the soil, and, for the masses in the rural areas generally much more than people who have not been to India or who are not acquainted with the conditions in India can possibly realise.

I wish to ask, Sir, whether, when the tune is called by somebody else, it is fair to ask the Legislative Assembly in India to go on

paying the piper? Is it fair for you to expect the Legislative Assembly, if they realise and understand what is meant by voting crore upon crore of additional taxation, to go on giving you a blank cheque when you do not attend to these very primary objects, for which over here in your country you take swift action without even waiting to consult anybody outside your Government offices? You took action by executive action, and then went to Parliament to get that action of 21st September last ratified.

I fear, Sir, that the conditions which threaten us in the near future in India will create a lot of difficulties in the administration in India even during the next year or two years. I understand that people here feel somewhat perturbed about the credit of India. A great deal has been said about the necessity of India maintaining her credit. A good deal has been said here and in the Federal Structure Committee regarding persons in the commercial community and engaged in business in India realising the necessity of preserving India's credit. In fact, Sir, the higher ratio over our pre-war ratio was kept up in India over a period of three years at the sacrifice of India's hard-earned gold and sterling resources in the currency reserve, in the name of India's credit abroad. I find, Sir, that that credit of India to which so much importance is being attached—and I am one of those who do not minimise that importance—was referred to by Sir Samuel Hoare in the final statement which he made at the Federal Structure Committee in connection with the financial safeguards. I would not trouble the Conference with my remarks on that statement, but unfortunately, as things have been going on here, Sir Samuel Hoare could only make that statement after our discussion was over, and immediately after his statement was made we had no option but to go on to the consideration of our draft Report on the financial safeguards.

I will read a pertinent sentence from Sir Samuel Hoare's statement. The quotation runs as follows:—

> "One word as to the necessity of safeguards. So long as the Crown remains responsible for the defence of India, the funds necessary for that purpose will have to be provided and the principal and interest on sterling debt issued in the name of the Secretary of State for India must be secured, as must also the salaries and pensions of officers appointed under Parliamentary authority; and, as the provident and pensions funds which have been fed by subscriptions from officers have never been funded, but remain a floating obligation on the revenues of India, responsibility for payments to retired officers and their dependents must remain with the Secretary of State until any new government is in a position to provide sufficient capital to enable trust funds to be established."

All through the discussions, Sir, we never heard from anybody—there was of course no Government spokesmen at the Federal Structure Committee—that the Secretary of State's intention was that until we were able to fund these pension obligations we could not expect to be masters in our own house. May I ask, Sir, whether

any countries can be named to me—because I am very ignorant about information in this connection regarding other countries—where these liabilities are funded and kept separate? If they are so funded are they so funded in the securities of that Government, or are they funded in gold, or are they funded in Sterling securities or the securities of a foreign country? It strikes me that this order of the Right Honourable gentleman, the Secretary of State for India, is somewhat on the tall side, but it must be good enough for India in order that India may maintain her credit abroad.

I fully agree with one of my friends who stated that if a party must borrow it is the ordinary practice that he must satisfy the lender. Of course if I must borrow who will look at me unless I am prepared to say yes to the lender's terms? But surely, Sir, I have the right, the privilege of always judging for myself whether I will borrow or will not borrow. I therefore feel that if so much is to be made of India's borrowings abroad it is imperatively necessary for His Majesty's Government to instruct the Government of India never to borrow afresh outside India except with the consent and definite resolution of the Legislative Assembly. Surely that is a proposition to which nobody can take exception. I am one of those, Sir, who have always put great faith in the development of my country, but if such arguments are to be hurled at me when I come and ask for the freedom of my country, if I am to be faced with all these—shall I call them?—truisms about a borrower having no choice and the lender's terms having to be accepted, I will say as a citizen of India and a son of India that we do not want to develop our country until we can borrow in our own country.

In fairness His Majesty's Government must instruct the Government of India that no money should be spent for the development of India unless that money is raised in India. No borrowings should be made here, and we will save you the trouble of having to ask for safeguards for two years or five years or ten years. No borrowings should be made abroad, except with an implicit resolution of the Legislative Assembly. The figures of India's borrowings abroad are of some interest. In 1924 the Sterling debt of India was 324 million pounds. In 1925 it was 341 million pounds. In 1926 it was 342 millions. In 1927 it was 349 million pounds and to-day it is 388 million pounds. That is to say, between 1924 and 1931 the Sterling debt of India has gone up from 324 million pounds to 388 million pounds, an increase of 64 million pounds. The purpose for which this debt was incurred this is neither the place nor the occasion to dilate upon, but this one thing I can say not only on my own responsibility as a person who has a little to do with lending and borrowing but also, speaking on behalf of the Indian commercial community—I am sure I have their backing—I may say in the name of every British-Indian Delegate here that we do not want hereafter to borrow abroad for the development of India unless and until we can be sure that that will not be advanced against us as a bar to our liberty and our freedom in future. We would much rather that our country stayed where it is than borrow somebody's money and later on be told:—" You cannot have your

freedom and your liberty and you cannot be masters in your own house because you have borrowed from me." We have to pay the debt which we have incurred up to now. I was surprised when some of my colleagues here emphasised the necessity of India repaying her debt. No responsible Indian has said that India will not repay her debt. I have never heard anybody saying that. The word " repudiation " has been used lightly, but the meaning of the word " repudiation " has been explained very fully by no less accurate a person than Mahatma Gandhi. There is no question of India not paying her debt. If owing to the " economic blizzard " through which the world is passing the immediate debts of India within the next two, five or ten years, are not met punctually, we may have to renew them. If, owing to the economic condition of a country you find that that country cannot pay up her dues, surely there is no shame in her saying:—Please give me a further short credit, I will repay you. After all, who are responsible for the management of our country's economic condition up to now? His Majesty's Government, and not the people of India. On our records of the Central Legislature you will find repeated protests, most emphatic protests from elected representatives of the people against some of the economic policy which has been forced upon India in the last ten to twelve years. I therefore feel that one of the results of this Conference should be that until His Majesty's Government make up their mind as to what stage of reform India shall have next and the sons of India decide the question of borrowings in their own Legislature, as long as this present form of Government continues, no further sterling debt should be incurred except to meet the existing debt. Let all other borrowing abroad stop. That is what we have come to. We feel it is intolerable, when you confess that India is solvent, that India has not too much debt, that anybody here should say: Because you have our money therefore you shall not have your freedom. I do feel, therefore, that this is the minimum which His Majesty's Government owe to India, namely that no more reasons—or perhaps some would say excuses—should be given for further safeguards, and that further borrowings abroad on behalf of India should be stopped and should not be avoidably incurred.

I feel, Sir, that I have to refer to one small oversight, as I think it to be. I have here the Fourth Report of the Federal Structure Committee, and on page 10 thereof in paragraph 22 I see a reference in the last but one line to paragraph 3, which I presume is only an oversight. It should be paragraph 18 and not paragraph 3. I want to point this out so that the Secretaries may see that an error does not go into the final copy.

Sir, the other point on which I wish to speak is this: I wish to refer to paragraph 23 of the Federal Structure Committee Report under Commercial Discrimination. The financial safeguards and the commercial discrimination questions were both discussed in less than two and a half days, and the Reports had to be disposed of, under the time-table which was laid down for us, within less

than two hours each. I felt so much oppressed by this that I felt it my duty to write to the Lord Chancellor and point out to him that, owing to the fact that one Report reached us at about 8 A.M. and then had to be considered and passed before we rose for lunch the same day, I did not find myself ready to be committed to the Report minus the protests which I had got recorded.

The Lord Chancellor very readily saw my objection and said that my letter would be noted. I may say that he did meet one point which I raised last Saturday regarding the suggestion which was mentioned here. I wish now to refer to paragraph 23; I am reading from the last line on page 10:—

> "It is also plain that where the Governor General or a Provincial Governor is satisfied that proposed legislation, though possibly not on the face of it discriminatory, nevertheless will be discriminatory in fact, he will be called upon in virtue of his special obligations in relation to minorities to consider whether it is not his duty to refuse his assent to the Bill."

Sir, the question of a piece of legislation being not on the face of it discriminatory, but being in fact discriminatory, is a matter which I as a mere layman somewhat fail to understand. As to this sort of phrases, either as to administrative discrimination being referable to the Federal Court, or legislation, which though not on the face of it discriminatory, is in fact discriminatory, these are what I call efforts to overdo the discrimination part and to over-safeguard it. All I can say on behalf of my constituency is that I cannot agree to this, and I want it to be recorded that these safeguards as they are drafted in the Report do not and cannot possibly make for a workable constitution. It may for some make for self-satisfaction that everything is agreed to and the Conference advanced. I myself cannot be a party to any constitution or to any report where things are not put on a basis which will permit the constitution working smoothly, without unnecessary interference and without unnecessary litigation.

In conclusion, I will wind up with this one hope: May Great Britain look at the problem which faces her Prime Minister to-morrow, which we have faced here and which we have come here to help her to solve, in a manner which will reflect credit and glory on all her statesmen of the past, who by their utterances in the House of Commons gave us hope that Great Britain was prepared to lead India on the path of liberty and freedom.

Diwan Bahadur Mudaliyar: Mr. Chairman, early this year when we parted and conceived the idea of a second Round Table Conference to discuss further details, there was not one of us who had taken any serious part in the discussions who did not realise that at that stage there would be difficulties and obstacles much more serious than some of those that met us in the first instance. When we concede that these difficulties, which are inherent in a consideration of details, have been met in a more or less satisfac-

tory manner, as my friends Sir Tej Sapru and Mr. Jayakar pointed out, that the points of contact and of uniformity have been far greater than the points of difference and of impossibility in reaching agreements, I think on the whole we may feel that the work of this second stage of the Conference has not been altogether in vain.

But, having said that, let me quite frankly state that optimists like myself, men who have been led up to the idea of this Round Table Conference, who have enthused over it on the broadcast, on public platforms, in the Legislative Assembly—men like myself are not altogether free from the impression that as much work has not been accomplished as should have been and could have been accomplished.

Now I want to be equally frank and tell you my own analysis of what has led to this imperssion prevailing in my mind. In the first place there is the fact, unfortunate, most regrettable, that the claims of minorities have not been reconciled in the manner in which they ought to have been reconciled. Speaking for myself, for the Party which I have the honour to represent along with my colleague at this Conference, let me state that I go as far as Sir Tej Bahadur Sapru went this morning; that no constitution would be acceptable to us, the Hindu majority in the Madras Presidency, if it did not guarantee the rights of minority communities, and particularly the rights of the untouchable classes in southern India.

It has been our policy during the last eleven years, long before Dr. Ambedkar or my friend Rao Bahadur Srinivasan appeared at this Conference, to speak on their behalf. We have enrolled them as members of our party. We have repeatedly passed resolutions suggesting that for self-governing institutions such as Local Boards and Municipalities, and for the Legislature, they should have special representation, and I for one cannot be a party to a constitution which merely gives to them a certain amount of vague hope that things may be all right, and indeed will be all right, in the future constitution, and that Hindu majorities or other majorities will see to it that the caste-less communities will be adequately represented.

Now, Sir, as I have said I share the regret that this minorities question has not been properly settled, and I venture still to express the hope that, with the efforts of Mahatma Gandhi, when we go back to India we shall be in a position after two or three months to reconsider the whole issue, to come into wider contact with representatives of our various communities, to gather strength from those connections which some of us may miss in this distant place, and to reach a solution; but if unfortunately that should not happen, there is no alternative but to accept the suggestion, which many Delegates favour even at this stage, of a decision by the Government of this vexed question.

Now, as I have said, that was the first difficulty, but there is another difficulty which has queered the pitch of this Conference

to a certain extent, a difficulty which has led to want of progress from time to time. What was the position when we came here? It was at Marseilles that we heard the news that a Natoinal Government had been formed, and we arrived here the week after the National Government had been formed, and I venture to say that at any rate until the first week of November we did not know where we were, and the Government of the day did not know where it was. We had not that impetus, that driving force, that momentum which was given to the Conference on the last occasion by His Majesty's Government. I attach no blame to any quarter and I make no insinuation of any kind. The members of the National Government on the eve of an election had no mind to make up, and had no mind at all on the Indian question. The domestic difficulties and pre-occupations which they had on the one hand, and the fact that on the eve of an election they could not very well come to a decision on the other hand, these two things were responsible in no small measure for the fact that the Federal Structure Committee, in spite of the great help that it received from Lord Reading and in spite of the most sympathetic guidance that it had from its own Chairman, Lord Sankey, could only mark time again and again and could not make any progress.

You were on that Committee, Mr. Chairman, and I am only expressing the opinion that prevailed generally among many people, both of the British Delegation and of the Indian section, when I say that, with the live issues before your electorate, the British Delegation had not the power and had not the opportunity to make that contribution to the success of the deliberations of the Federal Structure Committee which it was in a position to make, in spite of its multiple party representation, at the last stage of this Conference. What happened then? After the National Government had been formed—I do not know whose fault it is, I have not been taken into confidence by any single member of His Majesty's Government and that perhaps is my privilege and my advantage—rumours of various sorts began to get about. There were rumours that Provincial autonomy was the only step that could now be taken, that while the Government were willing to make all possible declarations in ratification of all previous declarations, draftsmen and constitutional experts and practical men had come to the conclusion that development could only be by stages and that Provincial autonomy was the first stage that we should accept.

Let me say at once on behalf of myself and my colleagues here, representing a party which has during the last eleven years successfully and consistently and in a constitutional manner worked the political institutions vouchsafed to us, worked them in the face of misrepresentation and sinister attacks—let me say here and now that it will be impossible for us, a constitutional party, to work a scheme of pure Provincial autonomy divorced from any element of responsibility at the Centre. I said so at the Federal Structure Committee and thanks to the wires having been busy

I received to my surprise cables yesterday morning from the leader of my party, saying that the party was whole-heartedly with me in what I said and pointing out that it is impossible for the party to work through pure Provincial autonomy unless responsibility at the Centre is so coupled with it as to be part and parcel of the constitutional development of my country. The reason is quite simple. We know that with pure Provincial autonomy the agitation in the country will not die down. In fact it will be accelerated, it will be emphasised, it will be aggravated, and I for one, if I were to go back to my Province and get into the Legislature and hold the Office of Minister in charge of Law and Order, dread to think of the consequences of trying to put down an agitation for which I am not responsible, which I cannot control and, I may add, with which I am in legitimate sympathy—an agitation for responsibility at the Centre. That is not because I cannot take risks nor is it because my party has not taken risks in the past.

Speaking in the presence of the leader of the Congress Party, I can say that in 1921 when he started the non-co-operation movement we passed measure after measure to check that movement. We passed Bills which enable us to collect the land revenues, We passed laws in our Madras Legislative Council whereby the non-co-operation movement was checked, and we are prepared to do it again if we are given a fair chance, if we are given that authority and if we can say that we have got a measure of self-government which is not altogether unacceptable to us.

Now, Sir, I was referring to rumours when I was drawn aside to deal with this question of Provincial autonomy which I hope, as Mr. Wedgwood Benn said, has been killed by the speeches made at the Federal Structure Committee. I say that these rumours got abroad and these rumours made havoc of the faith that many of us had in the future scope of this Conference. It is undeniable that when suggestions of various kinds are made the fertile imagination seizes on one suggestion or another. We are a fecund race, particularly in matters of imagination.

Everyone of us round this table and hundreds in our country could produce constitutions; they have in the past; they are a very studious race. The idea of failure should not get abroad. These theories, these proposals, destroy each other and we shall merely be marking time without making any advance whatsoever. That is the danger which we feel in these suggestions that are being made, I think not from a responsible quarter. Therefore we have most of us come into this Conference with the idea of an all-India Federation, and we want to pursue that idea and none other, we do not want to be side-tracked; we do not want to be drawn away into an examination of other schemes because that will involve more delays and that will lead us nowhere. I am saying this because I want His Majesty's Government to pursue such a policy now. It would be disastrous if, following the advice of some of those newspapers to which reference has been made, this Conference is killed or put

an end to. You dare not do it. We dare not allow you to do it. The last vestige of hope will be gone if this Conference is in any way suddenly ended without having accomplished its purpose. It must go on; it must complete the picture and it must do it as early as possible. The first question which strikes me is the settlement of the communal problem, and if that is not settled within the next two or three months I think that a settlement by the Government is obviously necessary before progress can be made with the constitutional question. I appeal to you to give us a couple of months in order to consider this question and if it is not settled by the end of January to announce a decision and then allow us to go on with the work of this Conference. I was very glad to hear—I hope it will come about—that our very satisfactory and very popular Chairman, Lord Sankey, will visit the country, and I hope that a British Delegation will come with him and that the work of the Federal Structure Committee and other Committees will be carried on. At that stage I want this great impetus behind the constitution built up, the impetus that we shall get from the fact that not merely is His Majesty's Government through the Prime Minister making an announcement, that the statement of January holds good, but the impetus from the consciousness of the fact that the Government is whole-heartedly in sympathy with this idea of an all-India Federation, that it is not going to say that Princes may or may not come in, that it is not going to say anything with regard to other difficulties, but it is the impetus of a consciousness which must go home to everyone of us that the Government is committed and committed deeply to the idea of an all-India Federation and must bring into existence that Federation as early as possible. Why are my fellow-Delegates so nervous of the idea of Provincial autonomy? Why will they not tolerate that idea? Why do they so much insist upon simultaneity in these matters? It is absolutely clear, and they do not want to disguise it for a moment, that distrust is at the bottom of it all. You have to realise it. There is no question that at the present moment your Parliament, constituted as it is, may rest content having passed a Bill for Provincial autonomy, and that your administrators may talk both at Delhi and here, and a thousand difficulties may easily arise and a thousand disinclinations might easily be discussed arising out of the reason why they cannot go further. And therefore if you are tied down to this, that both things must be done simultaneously and you cannot possibly stop where we are now, it follows logically that you are as much interested as we are to see that an all-India Federation comes as early as possible. That really seems to me to be behind this suggestion.

Sir, one word more and I have done at this very late stage. You have a House of Commons constituted with a record majority, and those who are office holders in His Majesty's Government must be feeling fairly comfortable with this huge majority and must be feeling that they can carry on their domestic work, their domestic legislation, their domestic administration, quite smoothly. But let me

tell you this: whether you feel comfortable or whether, as some newspapers say, the very majority is an incumbrance to you, let me say this, that so far as Indian administration is concerned a five hundred majority at Whitehall does not mean a five hundred majority at Delhi or Simla; that you are faced with a very different problem there, and in fact your majority at Whitehall may be the most embarrassing things so far as administration in India is concerned. And, as a member of the Legislative Assembly, as one who has seen how fast the prestige of the present Government at the Centre is being lost, how impossible it is for your Finance Member at Delhi to rise to an emergency, which your Chancellor of the Exchequer here has been able to do? I say it will not be possible for you to delay this idea of responsibility at the Centre. It is therefore up to you to see that the responsibility at the Centre and Provincial autonomy are coupled together and that the people are guaranteed that both are coming as part and parcel of the same Indian constitution.

Sir, I feel there is not much point in speaking at a time when your Cabinet has probably finished with discussion and the statement of the Premier has been corrected and re-corrected. Well, I have ventured to say that because I thought at least as far as the future proceedings are concerned you might take note of our suspicions and try to allay them.

Sir Ghulam Hussain Hidayatullah: My Lord, I must make it at the outset very clear that I am giving expression to my personal views. Last year we all blessed the Federal form of government as the most suitable form of government for the vast continent of India. Responsibility at the Centre, safeguards for the transition period. In the last two days I have been hearing some of our friends who say because the framing of the Federal constitution will take some time, we ought to start with Provincial autonomy at once. I am acquainted with the feelings in the Bombay Presidency, which is a stronghold of Mahatmaji. I should be failing in my duty if I did not enlighten you all that in the Presidency of Bombay Provincial autonomy without responsibility at the Centre will not work. Before I came I knew the feelings of the people; they had already misgivings in their minds.

My friends will tell you, Sir, that every now and then they expressed a view that the British Government did not mean business, and that they would not give any more than Provincial autonomy, and now, if we start with Provincial autonomy, I am afraid we shall confirm their fears.

But let us suppose, Sir, that we do start with Provincial autonomy as a beginning. You have heard the Liberals. They say they will not work it. I am sure the Congressmen will not work it. The only faithful amongst the faithless is my friend the leader of the non-Brahmins, and he has also signed a letter to the Prime Minister that he wants Provincial autonomy and responsibility at the Centre simultaneously. Then, Sir, who remains to work it? My friend Dr. Ambedkar and myself.

I must remind you, Sir, that I have worked the Reforms for a large number of years, from the beginning. Why did dyarchy fail? One of the causes of the failure of dyarchy was finance. The Ministers had not enough funds to do much work in the nation-building departments. We know now that every government in India or anywhere else is faced with financial stringency, and if we start Provincial autonomy to-day I am afraid it will be wrecked on the rock of finance.

Then, Sir, there was another suggestion by one of my leaders, that the country is getting restive and that the people want to be masters in their own houses as early as possible, and therefore we ought to have responsibility in British India only. I have considered that question as one of the ways of getting out of the difficulty, but if we adopt that position the result will be that we shall be going back on our decisions of last year, and we have to consider the question of my friends the Princes. They agreed to responsibility at the Centre on the clear understanding that they will have a federal form of government. Now, if we start by introducing responsibility in British India only, I am afraid we shall be damping the enthusiasm of those Princes who have very kindly come to our relief and removed one of the greatest difficulties in the way of India being united, and we shall be helping those who are not very anxious to have federation.

Suppose, Sir, we start with responsibility at the Centre, the Princes may say we do not want federation. Are we going to have two parallel governments in India, a British-Indian Government and an Indian States Government? That might again lead to further complications. As I understand it, the British Government is bound by treaties to protect the Indian States from any sort of aggression. Are we going to have two armies in India, the British-Indian army and another army to protect the Indian States? I am sorry I cannot agree with my leader who has made this suggestion.

Now, Sir, after all we are told that the framing of the Federal Constitution will take a few years. What are a few years in the history of a nation? I think, Sir, that if the Federal Structure Committee were to continue its good work it would not take more than a few years to have a full-fledged federal constitution.

But, Sir, whether we have a federal form of government or any other form—though I like the federal form because it is the only possible form—unless all the communities work it with goodwill and co-operation it will not be a success. I therefore beseech Mahatmaji, in the interests of the country, to come to our help and help to solve the communal question. Otherwise I would remind you, Mahatmaji, that you were taught civil disobedience by a Muhammadan. My esteemed friend, the Nightingale of India always tells us that non-co-operation was first practised by a grandson of our Prophet, Hassan. That is already in our heads, but if anybody stands in the way of our claims we shall be compelled to resort to your methods. Therefore, you have come to the help of our country.

Now having said so much, Sir, I might say a few words about the Princes having entered the federation on their own terms. I must say they have got a price for their entry. I do not mind that, but our proposed constitution because of their entry has become anomalous. In the proposed constitution we are combining democracy with autocracy because they stand for their pound of flesh. They want their representatives to be returned by nomination and the representatives of British India will be returned by election. I do not mind that either. In spite of all the difficulties I welcome their entry for two reasons. One is that they have for the first time in their lives accepted the principle of democracy and the second is that they will make India a self-governing India and a united India.

Having said so much I cannot leave my part of the country, Sind. I must say a word about that. Last year the sub-Committee on Sind made a recommendation—I need not quote the words, because it is known to all of you—that an Expert Committee be appointed to investigate the question of finance, and the Government of India I must say, has given effect to that recommendation. An Expert Committee was appointed. That Committee's Report has been published, and it has shown that Sind is a deficit Province. A further recommendation of the same Committee was that if the Expert Committee found that Sind is a deficit Province then the representatives of Sind should be given a chance of finding ways and means of meeting that deficit. I beseech you, My Lord, that you will implement the remaining portion of the Resolution. I do not, and most of us do not, agree with the conclusions of that Committee, but I shall not at this late hour criticise the conclusions because I think it is not an opportune time. With that I will conclude my remarks.

(The Conference adjourned at 11-50 p.m., and resumed at 12-5 a.m., when the Prime Minister took the Chair.)

Mr. Gandhi: Prime Minister and Friends, I wish that I could have done without having to speak to you but I felt that I would not have been just to you or just to my principles if I did not put in what may be the last word on behalf of the Congress. I live under no illusion. I do not think that anything that I can say this evening can possibly influence the decision of the Cabinet. Probably the decision has been already taken. Matters of the liberty of practically a whole Continent can hardly be decided by mere argumentation, even negotiation. Negotiation has its purpose and has its play, but only under certain conditions. Without those conditions negotiations are a fruitless task. But I do not want to go into all these matters. I want as far as possible to confine myself within the four corners of the conditions that you, Prime Minister, read to this Conference at its opening meeting. I would, therefore, first of all say a few words in connection with the Reports that have been submitted to this Conference. You will find in these Reports that generally it has been stated that so and so

is the opinion of a large majority, some, however, have expressed an opinion to the contrary, and so on. Parties who have dissented have not been stated. I had heard when I was in India, and I was told when I came here, that no decision or no decisions will be taken by the ordinary rule of majority, and I do not want to mention this fact here by way of complaint that the Reports have been so framed as if the proceedings were governed by the test of majority. But it was necessary for me to mention this fact, because to most of these reports you will find that there is a dissenting opinion, and in most of the cases that dissent unfortunately happens to belong to me. It was not a matter of joy to have to dissent from fellow-delegates, but I felt that I could not truly represent the Congress unless I notified that dissent.

There is another thing which I want to bring to the notice of this Conference, namely: what is the meaning of the dissent of the Congress? I said at one of the preliminary meetings of the Federal Structure Committee that the Congress claimed to represent over 85 per cent. of the population of India, that is to say the dumb, toiling, semi-starved millions. But I went further: that the Congress claimed also by right of service to represent even the Princes, if they would pardon my putting forth that claim, and the landed gentry, the educated class. I wish to repeat that claim and I wish this evening to emphasise that claim.

All the other parties at this meeting represent sectional interests. Congress alone claims to represent the whole of India, all interests. It is no communal organisation; it is a determined enemy of communalism in any shape or form. Congress knows no distinction of race, colour or creed; its platform is universal. It may not always have lived up to the creed. I do not know a single human organisation that lives up to its creed. Congress has failed very often to my knowledge. It may have failed more often to the knowledge of its critics. But the worst critic will have to recognise, as it has been recognised, that the National Congress of India is a daily-growing organisation, that its message penetrates the remotest village of India; that on given occasions the Congress has been able to demonstrate its influence over and among these masses who inhabits 700,000 villages.

And yet here I see that the Congress is treated as one of the Parties. I do not mind it; I do not regard it as a calamity for the Congress; but I do regard it as a calamity for the purpose of doing the work for which we have gathered together here. I wish I could convince all the British public men, the British Ministers, that the Congress is capable of delivering the goods. The Congress is the only all-India-wide national organisation, bereft of any communal basis; that it does represent all the minorities which have lodged their claim here and which, or the signatories on their behalf, claim—I hold unjustifiably—to represent 46 per cent. of the population of India. The Congress, I say, claims to represent all these minorities.

What a great difference it would be to-day if his claim on behalf of the Congress was recognised. I feel that I have to state this claim with some degree of emphasis on behalf of peace, for the sake of achieving the purpose which is common to all of us, to you Englishmen who sit at this table, and to us the Indian men and women who also sit at this table. I say so for this reason. Congress is a powerful organisation; Congress is an organisation which has been accused of running or desiring to run a parallel Government; and in a way I have endorsed the charge. If you could understand the working of the Congress, you would welcome an organisation which could run a parallel Government and show that it is possible for an organisation, voluntary, without any force at its command, to run the machinery of Government even under adverse circumstances. But no. Although you have invited the Congress, you distrust the Congress. Although you have invited the Congress, you reject its claim to represent the whole of India. Of course it is possible at this end of the world to dispute that claim, and it is not possible for me to prove this claim; but, all the same, if you find me asserting that claim, I do so because a tremendous responsibility rests upon my shoulders.

The Congress represents the spirit of rebellion. I know that the word "rebellion" must not be whispered at a Conference which has been summoned in order to arrive at an agreed solution of India's troubles through negotiation. Speaker after speaker has got up and said that India should achieve her liberty through negotiation, by argument, and that it will be the greatest glory of Great Britain if Great Britain yields to India's demands by argument. But the Congress does not hold that view, quite. The Congress has an alternative which is unpleasant to you.

I heard several speakers—and let me say I have endeavoured not to miss a single sitting; I have tried to follow every speaker with the utmost attention and with all the respect that I could possibly give to these speakers—saying what a dire calamity it would be if India was fired with the spirit of lawlessness, rebellion, terrorism and so on. I do not pretend to have read history, but as a school-boy I had to pass a paper in history also, and I read that the page of history is soiled red with the blood of those who have fought for freedom. I do not know an instance in which nations have attained their own without having to go through an incredible measure of travail. The dagger of the assassin, the poison bowl, the bullet of the rifleman, the spear and all these weapons and methods of destruction have been up to now used by what I consider blind lovers of liberty and freedom, and the historian has not condemned him. I hold no brief for the terrorists. Mr. Ghuznavi brought in the terrorists and he brought in the Calcutta Corporation. I felt hurt when he mentioned an incident that took place at the Calcutta Corporation. He forgot to mention that the Mayor of that Corporation made handsome reparation for the error into which he himself was betrayed and the error into which the Calcutta Corporation was betrayed through the instrumentality of those members of

the Corporation who were Congressmen. I hold no brief for Congressmen who directly or indirectly would encourage terrorism. As sooon as this incident was brought to the notice of the Congress the Congress set about putting it in order. It immediately called upon the Mayor of the Calcutta Corporation to give an account of what was done and the Mayor, the gentleman that he is, immediately admitted his mistake and made all the reparation that it was then legally possible to make. I must not detain this Assembly over this incident for any length of time. He mentioned also a verse which the children of the forty schools conducted by the Calcutta Corporation are supposed to have recited. There were many other mis-statements in that speech which I could dwell upon, but I have no desire to do so. It is only out of regard for the great Calcutta Corporation and out of regard for truth and on behalf of those who are not here to-night to put in their defence that I mention these two glaring instances. I do not for one moment believe that this was taught in the Calcutta Corporation schools with the knowledge of the Calcutta Corporation. I do know that in those terrible days of last year several things were done for which we have regret, for which we have made reparation. If our boys in Calcutta were taught these verses which Mr. Ghuznavi has recited I am here to tender an apology on their behalf, but I should want it proved that the boys were taught by the schoolmasters of these schools with the knowledge and encouragement of the Corporation.

Charges of this nature have been brought against the Congress times without number, and times without number these charges have also been refuted, but I have mentioned these things at this juncture. It is again to show that for the sake of liberty people have fought, people have lost their lives, people have killed and have sought death at the hands of those whom they have sought to oust. The Congress then comes upon the scene and devises a new method not known to history, namely, that of civil disobedience, and the Congress has been following that method up. But again I am up against a stone wall and I am told that that is a method that no government in the world will tolerate. Well, of course the governments may not tolerate, no government has tolerated open rebellion. No government may tolerate civil disobedience. but governments have to succumb even to these forces, as the British Government has done before now, even as the great Dutch Government after eight years of trial had to yield to the logic of facts. General Smuts is a brave General, a great Statesman, and a very hard taskmaster also, but he himself recoiled with horror from even the contemplation of doing to death innocent men and women who were merely fighting for the preservation of their self-respect, and the things which he had vowed he would never yield in the year 1908, reinforced as he was by General Botha, he had to do in the year 1914, after having tried these civil resisters through and through. And in India Lord Chelmsford had to do the same thing: the Governor of Bombay had to do the same thing in Borsad and Bardoli. I suggest to you, Prime Minister, it is too late to-day to resist this, and it is this thing which weighs me down, this choice

that lies before them, the parting of the ways probably. I shall hope against hope, I shall strain every nerve to achieve an honourable settlement for my country if I can do so without having to put the millions of my countrymen and countrywomen and even children through this ordeal of fire. It can be a matter of no joy and comfort to me to lead them on again to a fight of that character, but if a further ordeal of fire has to be our lot I shall approach that with the greatest joy and with the greatest consolation that I was doing what I felt to be right, the country was doing what it felt to be right, and the country will have the additional satisfaction of knowing that it was not at least taking lives, it was giving lives; it was not making the British people directly suffer, it was suffering. Professor Gilbert Murray told me—I shall never forget that —I am paraphrasing his inimitable language. He said: you do not consider for one moment that we Englishmen do not suffer when thousands of your countrymen suffer, that we are so heartless? I do not think so. I do know that you will suffer; but I want you to suffer because I want to touch your hearts; and when your hearts have been touched will come the psychological moment for negotiation. Negotiation there always will be; and if this time I have travelled all these miles in order to enter upon negotiation, I thought that your countryman Lord Irwin had sufficiently tried us through his ordinances, that he had sufficient evidence that thousands of men and women of India and that thousands of children had suffered; and that, ordinance or no ordinance, *lathis* or no *lathis*, nothing would avail to stem the tide that was onrushing and to stem the passions that were rising in the breasts of the men and women of India who were thirsting for liberty.

Whilst there is yet a little sand left in the glass, I want you to understand what this Congress stands for. My life is at your disposal. The lives of all the members of the Working Committee, the all-India Congress Committee, are at your disposal. But remember that you have at your disposal the lives of all these dumb millions. I do not want to sacrifice those lives if I can possibly help it. Therefore please remember that I will count no sacrifice too great if by chance I can pull through an honourable settlement. You will find me always having the greatest spirit of compromise if I can but fire you with the spirit that is working in the Congress, namely, that India must have real liberty. Call it by any name you like: a rose will smell as sweet by any other name, but it must be the rose of liberty that I want and not the artificial product. If your mind and the Congress mind, the mind of this Conference and the mind of the British people, means the same thing by the same word, then you will find the amplest room for compromise, and will find the congress itself always in a compromising spirit. But so long as there is not that one mind, that one definition, not one implication for the same word that you and I and we may be using, so long there is no compromise possible. How can there be any compromise so long as we each one of us has a different definition for the same words that we may be using. It is impossible, Prime Minister. I want to suggest to you in all humility that it is utterly

impossible then to find a meeting ground, to find a ground where you can apply the spirits of compromise. And I am very grieved to have to say that up to now I have not been able to discover a common definition for the terms that we have been exchanging during all these weary weeks.

I was shown last week the Statute of Westminster by a sceptic, and he said: "Have you seen the definition of 'Dominion'"? I read the definition of "Dominion," and naturally I was not at all perplexed or shocked to see that the word "Dominion" was exhaustively defined, and it had not a general definition but a particular definition. It simply said: the word "Dominion" shall include Australia, South Africa, Canada and so on, ending with the Irish Free State. I do not think I noticed Egypt there. Then he said: "Do you see what your Dominion means?" It did not make any impression upon me. I do not mind what my Dominion means or what complete independence means. In a way I was relieved. I said I am now relieved from having to quarrel about the word "Dominion," because I am out of it. But I want complete independence, and even so, so many Englishmen have said: "Yes, you can have complete independence, but what is the meaning of complete independence?" and again we come to different definitions. Therefore, I say the Congress claim is registered as complete independence.

One of your great statesmen—I do not think I should give his name—was debating with me, and he said: "Honestly, I did not know that you meant this by complete independence." He ought to have known, but he did not know, and I shall tell you what he did not know. When I said to him, "I cannot be a partner in an Empire," he said. "Of course, that is logical." I said, "But I want to become that. It is not as if I shall be if I am compelled to, but I want to become a partner with Great Britain. I want to become a partner with the English people; but I want to enjoy precisely the same liberty that your people enjoy, and I want to seek this partnership not merely for the benefit of India, and not merely for mutual benefit; I want to seek this partnership in order that the great weight that is crushing the world to atoms may be lifted from its shoulders."

This took place ten or twelve days ago. Strange as it may appear, I got a note from another Englishman whom also you know and whom also you respect. Among many things; he writes: "I believe profoundly that the peace and happiness of mankind depend on our friendship," and, as if I would not understand that, he says "your people and mine." I must read to you what he also says, "And of all Indians you are the one that the real Englishman likes and understands."

He does not waste any words on flattery, and I do not think he has intended this last expression to flatter me. It will not flatter me in the slightest degree. There are many things in this note which, if I could share them with you, would perhaps make you understand better the significance of this expression, but let me tell

you that when he writes this last sentence he does not mean me personally. I personally signify nothing, and I know I would mean nothing to any single Englishman; but I mean something to some Englishmen because I represent a cause, because I seek to represent a nation, a great organisation which has made itself felt. That is the reason why he says this.

But then, if I could possibly find that working basis, Prime Minister, there is ample room for compromise. It is friendship I crave. My business is not to throw overboard the slave-holder and tyrant. My philosophy forbids me to do so, and to-day the Congress has accepted that philosophy not as a creed, as it is to me, but as a policy, because the Congress believes that it is the right and best thing for India, a nation of three hundred and fifty millions, to do. A nation of 350 million people does not need the dagger of the assassin, it does not need the poison bowl, it does not need the sword, the spear or the bullet. It needs simply a will of its own, an ability to say "No," and that nation is to-day learning to say "No."

But what is it that that nation does? Summarily, or at all to dismiss Englishmen? No. Its mission is to-day to convert Englishmen. I do not want to break the bond between England and India, but I do want to transform that bond. I want to transform that slavery into complete freedom for my country. Call it complete independence or whatever you like, I will not quarrel about that word, and even though my countrymen may dispute with me for having taken some other word I shall be able to bear down that opposition so long as the content of the word that you may suggest to me bears the same meaning. Hence I have times without number to urge upon your attention that the safeguards that have been suggested are completely unsatisfactory. They are not in the interests of India.

Three experts from the Federation of Commerce and Industry have in their own manner, each in his different manner, told you out of their expert experience how utterly impossible it is for any body of responsible Ministers to tackle the problem of administration when 80 per cent. of India's resources are mortgaged irretrievably. Better than I could have shown to you they have shown, out of the amplitude of their knowledge, what these financial safeguards mean for India. They mean the complete cramping of India. They have discussed at this table financial safeguards, but that includes necessarily the question of Defence and the question of the Army. Yet while I say that the safeguards are unsatisfactory as they have been presented, I have not hesitated to say, and I do not hesitate to repeat, that the Congress is pledged to giving safeguards, endorsing safeguards which may be demonstrated to be in the interests of India.

At one of the sittings of the Federal Structure Committee I had no hesitation in amplifying the admission and saying that these safeguards must be also of benefit to Great Britain. I do not want safeguards which are merely beneficial to India and prejudicial to the real interests of Great Britain. The fancied interests of India

will have to be sacrificed. The fancied interests of Great Britain will have to be sacrificed. The illegitimate interests of India will have to be sacrificed. The illegitimate interests of Great Britain will also have to be sacrificed. Therefore, again I repeat, if we have the same meaning for the same word I will agree with Mr. Jayakar, with Sir Tej Bahadur Sapru and other distinguished speakers who have spoken at this Conference. I will agree with them all, that we have after all, after all these labours, reached a substantial measure of agreement, but my despair, my grief, is that I do not read the same words in the same light. The implications of the safeguards of Mr. Jayakar, I very much fear, are different from my implications, and the implications of Mr. Jayakar and myself are perhaps only different from the implications that Sir Samuel Hoare, for instance, has in mind; I do not know. We have never really come to grips. We have never come to brass tacks as you put it, and I am anxious—I have been pining to come to real grips and to brass tacks all these days and all these nights, and I have felt: Why are we not coming nearer and nearer together, and why are we wasting our time in eloquence, in oratory, in debating, and in scoring points? Heaven knows, I have no desire to hear my own voice. Heaven knows I have no desire to take part in any debating. I know that liberty is made of sterner stuff, and I know that the freedom of India is made of much sterner stuff. We have problems that would baffle any statesman. We have problems that other nations have not to tackle. But they do not baffle me; they cannot baffle those who have been brought up in the Indian climate. Those problems are there with us. Just as we have to tackle our bubonic plague, we have to tackle the problem of malaria. We have to tackle, as you have not, the problem of snakes and scorpions, monkeys, tigers and lions. We have to tackle these problems because we have been brought up under them. They do not baffle us. Somehow or other we have survived the ravages of these venomous reptiles and various creatures. So also shall we survive our problem and find a way out of these problems. But to-day you and we have come together at a Round Table and we want to find a common formula which will work. Please believe me that whilst I abate not a title of the claim that I have registered on behalf of the Congress, which I do not propose to repeat here, while I withdraw not one word of the speeches that I had to make at the Federal Structure Committee, I am here to compromise; I am here to consider every formula that British ingenuity can prepare, every formula that the ingenuity of such constitutionalists as Mr. Sastri, Sir Tej Bahadur Sapru, Mr Jayakar, Mr. Jinnah, Sir Muhammad Shafi, and a host of other constitutionalists can weave into being.

I will not be baffled. I shall be here as long as I am required because I do not want to revive civil disobedience. I want to turn the truce that was arrived at, at Delhi, into a permanent settlement. But for heaven's sake give me, a frail man, 62 years gone, a little bit of a chance. Find a little corner for him and the organisation that he represents. You distrust that organisation though you may

seemingly trust me. Do not for one moment differentiate me from the organisation of which I am but a drop in the ocean. I am no greater than the organisation to which I belong. I am infinitely smaller than that organisation; and if you find me a place, if you trust me, I invite you to trust the Congress also. Your trust in me otherwise is a broken reed. I have no authority save what I derived from the Congress. If you will work the Congress for all it is worth, then you will say good-bye to terrorism; then you will not need terrorism. To-day you have to fight the school of terrorists which is there with your disciplined and organised terrorism, because you will be blind to the facts or the writing on the wall. Will you not see the writing that these terrorists are writing with their blood? Will you not see that we do not want bread made of wheat, but we want bread of liberty; and without that liberty there are thousands to-day who are sworn not to give themselves peace or to give the country peace.

I urge you then to read that writing on the wall. I ask you not to try the patience of a people known to be proverbially patient. We speak of the mild Hindu, and the Mussulman also by contact, good or evil, with the Hindu, has himself become mild. And that mention of the Mussulman brings me to the baffling problem of minorities. Believe me, that problem exists here, and I repeat what I used to say in India—I have not forgotten those words—that without the problem of minorities being solved there is no Swaraj for India, there is no freedom for India. I know that; I realise it; and yet I came here in the hope, perchance, that I might be able to pull through a solution here. But I do not despair of some day or other finding a real and living solution in connection with the minorities problem. I repeat what I have said elsewhere, that so long as the wedge in the shape of foreign rule divides community from community and class from class, there will be no real living solution, there will be no living friendship between these communities. It will be after all and at best a paper solution. But immediately you withdraw that wedge, the domestic ties, the domestic affections, the knowledge of common birth—do you suppose that all these will count for nothing?

Were Hindus and Mussulmans and Sikhs always at war with one another when there was no British rule, when there was no English face seen there? We have chapter and verse given to us by Hindu historians and by Mussulman historians to say that we were living in comparative peace even then. And Hindus and Mussulmans in the villages are not even to-day quarrelling. In those days they were not known to quarrel at all. The late Maulana Muhammad Ali often used to tell me, and he was himself a bit of an historian, he said, " If God "—" Allah," as he called God—" gives me life, I propose to write the history of Mussalman rule in India; and then I will show through documents that British people have erred, that Aurengzeb was not so vile as he has been painted by the British historian; that the Mogul rule was not so bad as it has been shown to us in British history "; and so on. And so have Hindu historians

written. This quarrel is not old; this quarrel is coeval with this acute shame. I dare to say it is coeval with the British advent, and immediately this relationship, the unfortunate, artificial, unnatural relationship between Great Britain and India is transformed into a natural relationship, when it becomes, if it does become, a voluntary partnership to be given up, to be dissolved at the will of either party, when it becomes that you will find that Hindus, Mussulmans, Sikhs, Europeans, Anglo-Indians, Christians, Untouchables, will all live together as one man.

I want to say one word about the Princes, and I shall have done. I have not said much about the Princes, nor do I intend to say much tonight about the Princes, but I should be wronging them, and I should be wronging the Congress if I did not register my claim, not with the Round Table Conference, but with the Princes. It is open to the Princes to give their terms on which they will join the Federation. I have appealed to them to make the path easy for those who inhabit the other part of India, and therefore I can only make these suggestions for their favourable consideration, for their earnest consideration. I think that if they accepted, no matter what they are, but some fundamental rights as the common property of all India, and if they accepted that position and allowed those rights to be tested by the Court, which will be again of their own creation, and if they introduced elements—only elements—of representation on behalf of their subjects, I think that they would have gone a long way to conciliate their subjects. They would have gone a long way to show to the world and to show to the whole of India that they are also fired with a democratic spirit, that they do not want to remain undiluted autocrats, but that they want to become constitutional monarchs even as King George of Great Britain is.

Sir, a note has been placed in my hands by my friend, Sir Abdul Qaiyum, and he says, will not I say one word about the Frontier Province? I will, and it is this. Let India get what she is entitled to and what she can really take, but whatever she gets, whenever she gets it, let the Frontier Province get complete autonomy to-day. That Frontier will then be a standing demonstration to the whole of India, and therefore the whole vote of the Congress will be given in favour of the Frontier Province getting Provincial autonomy to-morrow. Prime Minister, if you can possibly get your Cabinet to endorse the proposition that from to-morrow the Frontier Province becomes a full fledged autonomous Province I shall then have a proper footing amongst the Frontier tribes and convene them to my assistance when those over the border cast an evil eye on India.

Last of all, my last is a pleasant task for me. This is, perhaps, the last time that I shall be sitting with you at negotiations. It is not that I want that. I want to sit at the same table with you in your closets and to negotiate and to plead with you and to go down on bended knee before I take the final leap and final plunge. But whether I have the good fortune to continue to tender my co-opera-

tion or not does not depend upon me. It largely depends upon you. But it may not even depend upon you. It depends upon so many circumstances over which neither you nor we may have any control whatsoever. Then let me perform this pleasant task of giving my thanks to all from Their Majesties down to the poorest men in the East End, where I have taken up my habitation.

In that settlement which represents the poor people of the East End of London I have become one of them. They have accepted me as a member, and as a favoured member of their family. It will be one of the richest treasures that I shall carry with me. Here, too, I have found nothing but courtesy and nothing but a genuine affection from all with whom I have come in touch. I have come in touch with so many Englishmen. It has been a priceless privilege to me. They have listened to what must have often appeared to them to be unpleasant, although it was true. Although I have often been obliged to say these things to them they have never shown the slightest impatience or irritation. It is impossible for me to forget these things. No matter what befalls me, no matter what the fortunes may be of this Round Table Conference, one thing I shall certainly carry with me—that is, that from high to low I have found nothing but the utmost courtesy and the utmost affection. I consider that it was well worth my paying this visit to England in order to find this human affection. It has enhanced, it has deepened my irrepressible faith in human nature that although Englishmen and Englishwomen have been fed upon lies so often that I see disfiguring your Press, that although in Lancashire the Lancashire people had perhaps some reason for becoming irritated against me, I found no irritation and no resentment even in the operatives. The operatives, men and women, hugged me. They treated me as one of their own. I shall never forget that.

I am carrying with me thousands upon thousands of English friendships. I do not know them, but I read that affection in their eyes as early in the morning I walk through your streets. All this hospitality, all this kindness will never be effaced from my memory no matter what befalls my unhappy land. I thank you for your forbearance.

Pandit M. M. Malaviya: Mr. Prime Minister, now that the labours of this Conference are coming to an end I wish to put in a few observations to show how it appears to me that we have proceeded with our work and the results that we have achieved.

I feel, Sir, that the problem of India has not been thoroughly understood here. I feel that there is not the atmosphere in which there could be a recognition of the true condition of the people of India and of the justice of what India demands. We have discussed various questions at the Conference; we have arrived at some understandings, which are very valuable; but all things said and considered, I find that the position is one which cannot fill us with any hope for the future.

We have come here and we have been treated with great kindness and courtesy; we are all deeply grateful for it. But I have

felt, Mr. Prime Minister, that there are very few Englishmen who have made up their minds to consider the Indian problem as they would consider the problem if it was another people—a white people —whom they were dealing with. There is a feeling that India was asking for something for which it was not prepared. There is a feeling that those of us, like Mahatma Gandhi and others, who press for the Congress point of view, are asking for what they are not at present entitled to. There is a feeling that a favour is being conferred upon us Indians in giving us the opportunity to express our views before this Conference, and through this Conference, before the British public. It oppresses me to think that it is so. Until, Mr. Prime Minister, our English fellow-subjects come to the conclusion and make up their mind that they will deal with us as equal fellow subjects, until they are prepared to sit down to consider what our difficulties are and to solve those difficulties fairly, the solution of this problem will not have been advanced very much. I am very grateful that last year you decided, with the consent of His Majesty's Government, to make the announcement that you did, that there would be an all-India Federation established, that there would be responsibility introduced in the Centre of the Government of India, and that there would be certain transitory safeguards provided. We were led to think that those decisions were final; and yet after we came here we found that, owing to a change of Government, the decisions almost seemed to run the risk of being given up, of being practically abandoned.

I am very grateful that that catastrophe was averted, but I cannot forget the incident that, merely owing to a change of Government, and merely owing to a change in an important office, the whole decision of last year seemed to be in peril of being altered. I am very glad, sir, that you take exception to my statement. I hope I am wrong; but what compels me to say it is that for days together we had to work against the possibility of such a decision being arrived at. What I feel is that unless the House of Commons, unless the British public, unless British statesmen have made up their minds definitely that a fully responsible Government shall be established in India, unless that decision is placed beyond any dispute or cavil, unless it is placed beyond the possibility of being affected by any change in office or elsewhere, India cannot expect that a new era is shortly to dawn upon her.

Mr. Prime Minister, I want my English fellow-subjects to think what it means to India, what decision in this matter and delay in this matter means to India. India is not asking for a change merely for the fun of it. India feels the intolerable degredation of being under a foreign yoke such as the British bureaucratic system which at present exists in India. India desires freedom for her own sons such as you enjoy in your country. India has been longing for this freedom.

For four thousand years our ancestors ruled in our country. Long, long before any Englishman set his foot there our ancestors had a system of Government which your own historians have

admired. For only 150 years there has been British rule in India, and we do not like anybody to tell us that we have lost the capacity for self-government. One-third of India even to-day is ruled by Indians; and, having a personal knowledge of most of the States, I can say that the condition of the people generally in the Indian States will compare favourably with the condition of the people in British India, all things taken together. Now, for such a people it is a matter of sore trial that they should continue to be under foreign rule, and the people have been working for a long time as you, Mr. Prime Minister, very well know, to obtain self-government. The Congress began its labours in 1885. From that time onwards it has repeatedly urged the introduction of full self-government. But let me remind you that the movement reached its height in India last year when from 70,000 to 75,000 persons, men, women, and some children too, went to jail and exposed themselves to all the hardships of that situation in order that India might be free.

What are we going to tell them when we return to India? Are we going to tell them simply that we have delivered speeches, and that they have been recorded and will be published? Are we to tell them that the matter is still being considered, that the House of Commons is not yet friendly to the change that we desire? Are we going to tell them that a section of the British Press is insulting us by its remarks and telling us that we cannot have what we have asked for? Or are we going to tell them that the British people have made up their minds, that they will not stand any longer in the way of the people of our ancient land, India; that the people of Britain will not stand any longer in the way of our exercising that right of self-government which God has meant every people to exercise?

This is what I wish that we should be able to say to them; but what is the position? We have discussed several questions. We have been told we have not settled certain questions and that until those questions are settled the Government cannot arrive at definite conclusions. I beg to point out that that is not the way in which you settled the matter with the Irish people. When you decided to settle the question with Ireland you entered into an agreement. A few of your representatives and a few representatives of the Irish people sat down, drew up an agreement, noted down the vital points, and then decided that a Statute should follow later. Is it not possible for you, is it not possible for us, to sit down and draw up an agreement like that?

We have been told that failure to decide the communal question stands in the way. Did it stand in the way of a settlement with the Irish people? Had not they to deal with minorities? Did not you in that agreement—I think it was of the 6th February, 1921—lay down certain safeguards which were not finally decided upon but which were mentioned there as matters to be decided later? These included safeguards for the protection of the minorities also.

Here all that my Mussulman friends and my other friends who represent the minorities ask is not that there shall be no new con-

stitution set up, but that reasonable provision shall be made for the protection of the rights of minorities in the new constitution. Could not an agreement like that be arrived at here. You have very kindly invited us to this Conference. This is the second time you have invited us Indians to this Conference and you have spent much time and labour on it. No one has worked harder or more assiduously than Lord Sankey, to whom we are all very grateful for the trouble he has taken in dealing with these questions. We are thankful for all the labour and time you have spent, but what is the sum total of what we have arrived at? What is the sum total that we have achieved? I submit even now what is needed is that you and your friends and the English Parliament should definitely make up your minds that responsible government shall be established in India and established in the shortest possible time.

Mr. Gandhi exercises a most tremendous influence on the people of India, but I regret to say that even his influence will not be sufficient to satisfy the cravings of the people of India for freedom. They will not be satisfied to hear merely that a declaration has been made which assures us of the establishment of responsibility at the Centre at some future date. People did not suffer merely to obtain such a declaration. I have mentioned the case of Ireland. It may be said that in that case there was a war, and that an agreement was arrived at at the end of a war. I hope, Mr. Prime Minister, you at least will not say so, because I am certain the method of war cannot compare with the method of non-violent civil disobedience or passive resistance which Mr. Gandhi has inculcated on the people of India. It avoids bloodshed; it avoids violence; it avoids doing any wrong to any fellow-man. It teaches the people to suffer wrong, to suffer injustice, to suffer pain and to suffer loss. But that method does not involve less heavy sacrifice than the method of violence and war, and I submit we should begin a new era in the history of mankind by arriving by argument, and reason, by friendly discussion and good-will at a solution of even such a great problem as the transfer of power from the hands of the British people into the hands of the people in whose hands God meant that that power should rest.

I ask you, Prime Minister, to consider whether it is still not possible to deal with this matter in the way I have suggested. Let me remind you, Sir, that the condition of the people of India is such that they cannot with equanimity hear of a decision which does not tell them that responsible government is going to be established without any avoidable delay. The condition of the people has been going from bad to worse. I do not wish to enter into controversial questions at this late hour, but it is my duty to remind you that the condition of the people generally in India has been going from bad to worse, that the agriculturist is in a sad plight, that he has been hard hit by the legislation which put the rupee at 1*s.* 6*d.*, that he has been hard hit by all the other circumstances which have come about during the last two years, that the general

mass of the people are very very poor and are undergoing much suffering. We should have the chance to serve them and to bring them some relief. British administration has lasted in India now for over 150 years, but unfortunately British administration, while it has built roads and railways and public offices, and schools and hospitals to some extent, has failed to build up the strength of the people. The people are not half as strong economically to-day as they should be, and we cannot get them out of this miserable condition unless we have the power in our hands to administer our own affairs.

Ever since it came into existence the Congress has been urging —as you, Prime Minister, will remember—that expenditure should be largely reduced in India. It has been asking that the expenditure on the Civil Services should be reduced and that the expenditure on the Army should be reduced. The questions we have been discussing have not enabled us to come to a final conclusion on any of those matters. If the Army is not to be touched, unless there is an agreement that the expenditure on the Army should be brought to at least one half of what it is to-day, as Mr. Birla urged, unless it is agreed that it is essential that the Army expenditure should be brought to about 30 crores, unless it is agreed that we should have full power, as any other free government would have, to reorganise our whole budget of expenditure, that we should have the same power as any free government has to consider what economies should be introduced—unless we have all this power, what is the use of talking of responsible government or any shadow of it?

These are the questions which call for determination. These are the questions which should be settled by a few of us sitting down together and arriving at conclusions which will help us to satisfy the people of India. You are aware that if you leave things as they are the Government of India is not able to carry on the administration so far as finances are concerned. It is in a sorry plight and it will be in a worse plight from day to day as far as I can see. You cannot go on adding taxation to taxation. But little margin was left and it has come now. There is no other course open to the Government of India than to reduce expenditure and to reduce it largely. If you give us a constitution, but tie us hand and foot by your safeguards, what will be the result? The result will be that the new Government will not have a fair chance. I am not opposed to such reasonable safeguards as may be agreed on in the interests of India. We have from the beginning agreed that there should be such safeguards, but I am pointing out generally that it is essential that the safeguards should be only those needed in the interests of India. It is also agreed that we shall be just to every community. We do not want to hurt any community, British or non-British. We shall be just to every interest.

A great responsibility rests upon the British Parliament and upon you all who represent the British public. Three hundred and fifty million people inhabit India. Their destiny is entrusted for the moment to your hands. You are not able to give the time and

attention that affairs in India demand. I do not complain of that. God never meant that the people of one country should be able to spend time in attending to the administrative affairs of another country, particularly of one so far away. Therefore, it is all the more necessary that you should agree to hand over power to us, to put us in the position in which we can perform those duties to our people which it is your privilege to discharge towards your own people. We want to know that that is coming, and the people will not be satisfied until we are able to tell them that it is coming without avoidable delay.

The suggestion that there should be a declaration made assuring the people of India that the Government stands by the pledge that it gave through you last year will not satisfy the people. Nor will it satisfy the people to tell them that it will take two or three years to frame a new constitution. With all respect to my lawyer friends and to Parliamentary draftsmen, I venture to say that that is too long a period, that when it is desired that responsible government is to be introduced in India it should be possible to frame a Statute for it within a much shorter time, within a reasonably short period. I submit that that is what should be done. It may be urged that there are difficulties in the case of the Princes, that there are certain matters to be investigated and that until they have been investigated a constitution cannot be built up. I beg to submit that the vital points which are necessary to frame a constitution have been agreed upon and that a constitution can be drafted and that any adjustments which may be necessary can be introduced later on.

What is essential is that the people should be told that the Government have decided finally that responsible government shall be established in India without avoidable delay. I submit that it is also necessary that along with such a declaration action should be taken to convince the people that you mean what you say. When the Declaration of 1917 was made, Mr. Montagu went out to make certain investigations, and he and Lord Chelmsford made investigations and submitted a report, and the Statute followed. What is wanted is a definite pronouncement of agreement on vital points. An agreement should be arrived at, and it should be announced what the agreement arrived at is. Immediately after it there should be sent out to India a small influential deputation. I should invite you, Mr. Prime Minister, yourself to come out; I should invite Lord Sankey to come out; I should invite Mr. Baldwin to come out; and Mr. Lloyd George. I suggest that three of your Prime Ministers and *ex*-Prime Ministers should come out to India. Lord Sankey should come out, as he has studied this question for the last twelve months, and he is, therefore, most competent to help us in this matter. I suggest that you come out to India for three months. This is the time of the winter. Your climate does not encourage any one to stay here during the months of December, January and February. Within three months' time, if three of you top men of England will come to my warmer country and sit down and hear what you want to hear and investigate whatever you want to investigate, you will come back satisfied that it is possible to go on with

the framing of the Statute much earlier than it is imagined in some quarters at present. This is my invitation to you. I am most anxious, Mr. Prime Minister, that my country should be saved the trouble of any further agitation in this connection. None of us wants it. We feel that we have carried on agitation long enough, that we have satisfied you and everyone else that the people of India are rightly impatient. I believe that the best among you have understood and will admit that we people of India have as much a right to freedom as you have, and I hope that you are satisfied by all that you have heard and seen that the people of India are now different from what the people of India were ten years ago. There is a wave of intense feeling in the country which will not tolerate delay in this matter. I say it in order that you should understand the situation and that we should all try to meet that situation. The people will not be satisfied; they have long been complaining of excessive expenditure on their administration. They know that millions of them cannot find employment. Vast millions are going through life not having sufficient necessaries. They are undergoing much trouble and suffering. They cannot continue to go on in this condition. You hear of crimes here, there and elsewhere. I condemn these crimes, I deplore them, but we must know that part of it is due to the distressing want of employment among the young men in the country. I have seen numerous cases of young men whose parents have given them, out of their scanty income, a college education, and who are not able to find employment to support their old parents and their young wife after twenty years of education. The number of such men is large. The number of middle-class men who are undergoing suffering is larger. The number of men among the massses undergoing suffering is much larger still. It does not behove England to allow all this suffering to go on when it is possible to provide means of avoiding it, of reducing it, of preventing it so far as it is possible to do so, by transferring power to hands which are willing and anxious to take up the responsibility and to discharge that responsibility.

I therefore submit that what is needed at this juncture is not merely a report of the speeches which have been delivered but of an agreement between us that things which are now agreed on shall be carried out and a determination after that agreement to take the earlier steps to implement those decisions. That is what India needs, and I beg most earnestly to impress upon all my British friends that this is the necessity of the situation in India and I hope that by pursuing the path of the duty which is cast upon you you will pursue the way to glory again as you did on so many occasions in the past. You have fought for the liberty of other peoples. My people also fought with you for the liberty of other peoples in the Great War. You will still remember how our men came and helped you. Over a million men came, and there were more than a hundred thousand casualties in the War, of Indians killed or injured. Remember all the contributions that India made in the last war. Remember all the contributions which India has made

in all the wars of the Empire in which Indian soldiers have been engaged. Remember also the manner in which the Indian people have been urging, entreating, imploring the British Government for the last forty-five years to give the people of India freedom to exercise the power of self-government. Remembering all that, help us to obtain that power. Transfer that power to us and we shall be very very grateful to you; the people of India will be happy and will be grateful to you, and the world at large will admire you.

Mr. Prime Minister, if the opportunity is missed and we are sent back without having the assurance that the vital points of the new constitution are agreed upon, if we go back disappointed and are not able to satisfy our people that this new constitution of freedom is coming into existence at an early date, I shudder to think of the consequences. The Government is strong, no doubt; the Government can carry on repression; it can put down all agitation with a strong hand. Yes, you can do so for a time; no doubt you have the power to do so. But it will be very, very wrong of you to do so when it can be avoided. None of us desires that people should rise against the Government; we all want that the law should be respected; but the law also should respect the liberty of the individual and should give the individual what he has a right to claim from the Government. That is all we ask for. We pray that you should give up the idea of merely governing India. You must make up your minds to carry on the Administration in India, even during the time that you do not transfer responsibility to our hands, with the willing consent of the people. When Mr. Balfour went, a few years ago, to America, he said the only government worth the name was a government which was carried on with the consent of the people. Here now is the opportunity for you. Here is the opportunity for you to decide that you will transfer power into our hands. I pray to God that He may grant you wisdom, generosity, and the strength to do so, and thereby to earn the gratitude of my people.

Mr. Sastri: Mr. Prime Minister, it will be within the recollection of all of you that when we began the deliberations of this Conference we said often, and nobody failed to say, that the assent that we have given to any proposals was conditional, that we were free to revise our judgments as the proceedings went on and the picture became clearer and clearer.

We had hoped that we should be able to know exactly what the proposed constitution was; and, Prime Minister, I cannot help feeling how profitable, how pointed to certain definite propositions, our two days' debate would have been if the statement that is to be made to-morrow had been made early enough, and we had all been discussing things that had been stated on authority.

As it is, most of us are speaking upon uneasy speculations which have been started in our minds by rumour. One such rumour, which I think was voiced in the Committee for the first time by my friend Sir A. P. Patro, has been perhaps put out of the field altogether; at any rate we hope so. But my friend Sir A. P. Patro

is very resourceful; one of his ideas being put out of the field, he has just ventured upon another, that the halfway house so much desired by certain people here should be Provincial autonomy at the circumference, with responsibility at the Centre of British India, the States being kept out for some time.

Well, people have taken the idea and begun to discuss it. For some hours I said to myself: "Now, this is Sir A. P. Patro's idea; why should I bother about it?" and then I remembered that my friend has an uncanny gift of discovering ideas still below the horizon long before other people see them. It may be, I thought, that there is some truth in that rumour and it is just as well to deal with it.

Prime Minister, that will not do either. When we started this Conference we came, no doubt, with ideas of arguing for Dominion Status for British India, but we had not been here many days before the magnificent action of the Princes made a wider and a larger India possible. We have all yielded our hearts to that great ideal. Our whole deliberations have been framed on the supposition that the Princes would come in, and I know nothing now to the contrary. It is a pity to ask us to go back to the original and smaller idea. I shall leave that subject there, hoping that we shall still be permitted to contemplate this vision of an India including the Princes and their States going forward as a Dominion from strength to strength, and taking her place amongst the sisterhood of the nations of the great Commonwealth.

Then I was greatly comforted to hear that Lord Reading, to whom this Conference owes so much of its prestige and of its success, did not waiver one little bit in his adherence to the idea of an all-India Federation. From Lord Reading's speech, Prime Minister, we have derived many points of encouragement. I was particularly struck in the great speech he made recently, with a note which was rather unnecessary from him, but which was quite emphatic, his faith in this British Commonwealth and his loyalty to its ideals. Nobody ever questioned that Lord Reading would be faithful to the ideal of the Empire. If some of us on this side had made a similar confession of faith, that would have been interesting! I am one of those who, amidst much adverse criticism, have often made that confession of faith with honesty and with genuine trust.

Prime Minister, what is wanting in our loyalty to the Commonwealth is not admiration of its greatness or of its material glory, but it is the lack of occasion for us to take pride in this Empire and to call it our own. The one thing wanting is that you should place us upon an equality with the self-governing parts of the Commonwealth. We have asked for that status for a long, long time, and although I do not wish to be so unfaithful to history as to say you have done nothing whatever, and although I am grateful for the steps you have taken from time to time to realise this ideal, it must be admitted that the progress has been slow and fitful. The time has now come for you to take one long step from which there shall

be no returning. Your Government—I mean your late Labour Government—was pledged to that ideal. You made your answer at that time, declared it to the people of India, and they have come here to realise it, believing that that declaration contained their greatest charter.

Now it seems to me that in fulfilling that declaration nothing should be done beyond what is absolutely necessary and unavoidable. Nothing should be done to mark us off, especially to our disadvantage, from the other self-governing parts of the Empire. There, Prime Minister, is the great danger to be guarded against. We are willing, as I said before, some of us here—I think most of us—we are willing that there should be certain subjects marked off for the time being as Crown subjects in respect of which the Indian Legislature of the future, although Federal, should not be supreme but the Imperial Parliament which has hitherto taken charge of those subjects. That must be subject of course to a period of time that must be made known and subject also to certain large aspects of these questions which might be transferred with safety to our Legislature. They are necessary reservations, but we must be on our guard to admit into the Constitution no other safeguard or reservation, by whatever title it be called, which could not be demonstrated to be anything but in India's interest. We have now in the reports several safeguards under the headings of Commercial Discrimination and Defence. I objected to them, I am not quite happy about them now. In my judgment, Prime Minister, they are unnecessary and irritating deductions from Dominion Status.

There are ways in which these safeguards could be obtained in substance without our Constitution being disfigured by constitutional provisions. Last year when we were discussing these problems we took up one position from which—I do not know for what reason—we have advanced still further in the direction of stiffening them. One remark I will make which I made in the Federal Structure Committee. The Commercial Discrimination clause debated last year seemed to me, as it seemed to those who took part in its framing, to answer all the needs of the case. That was to be based upon a reciprocity agreement. Why this year it should be stipulated that it should take the form of legal provisions and written in the statute of our Constitution I am unable still to see. No Dominion Constitution has such a clause, but it is proposed seriously that the Indian Constitution should start with that clause written into the Constitution at the outset and so with regard to certain financial safeguards. I have no objection to these provisions themselves on their intrinsic merits, but they are a blot on the face of our Constitution. When I meet my fellow-citizens of other Dominions and I pat myself on the back and tell them " Well, I am a Dominion too, subject only to two great exceptions " they will be able to turn round to me and say " No, my friend, it is not Army and External Affairs only that still continue to be under the charge of the Imperial Government. Your control over your own Commerce and Industry; your control over the vital life-breath of the

whole of your national life, Finance—both means are under the control of the Parliament of Great Britain and Ireland. You are not and will not be for a long time as we are." That is what I am most sensitive about. Why should these unnecessary restrictions be written into the Constitution? There they are. Prime Minister, I have been no party to those secret and intimate confabulations which led to the framing of these safeguards in their present form. Without such esoteric knowledge my criticism might appear to be crude and even lacking in a sense of responsibility, but my mind is quite clear upon the subject, and if they must be given in the Constitution, I will make two suggestions to you which would take away the sting and the offence of such disabling provisions. One suggestion is that you will put these restrictions into that chapter of the Constitution which will be open to revision and modification by the Indian Legislature without the necessity of coming to the Imperial Parliament for dealing with them. We do not like the idea of coming to this country and asking for constitutional advance any more. There is Defence, there is External Affairs and there is Paramountcy belonging to the State—quite enough matters to make trouble between India and England for another generation. Need we add more?—for, as you know from your rich experience, so long as these irritating clauses are there in the constitution, every general election in India will be fought upon that issue. Ignorant candidates will play on the minds of even more ignorant voters and tell them: " we are not a free country so long as these clauses are there in the constitution." Let us get rid of them. Our minds will be concentrated on these particular provisions, although in the real national life of India they may not act as great impediments. The very fact that they are there will turn people's minds to them and will make progress in other vital directions very very difficult.

The other suggestion which I would make is that you should enter a clause in the Instrument of Instructions which each Viceroy receives on appointment, to the effect that the safeguarding of powers vested in him singly as apart from his Cabinet in India, that those safeguarding powers must be exercised solely in the interests of India. It is not as good as a provision in the constitution, there may be Viceroys of a stiff temperament who will disregard even this Instrument of Instructions. Nevertheless, upon the whole, it seems to me if it is declared to every Viceroy on his appointment that British policy requires these safeguarding powers to be exercised only in the interests of India, it would be a very great gain to those who watch over these things jealously in India. When we mentioned this matter last year I can say with authority that I was informed that Lord Reading would be in favour of the Instrument of Instructions containing such a provision.

A word about the future work of this Conference. This Conference dissolves, but its work cannot stop. We hear that an excellent move is contemplated; that the Lord Chancellor with a certain number of British politicians to assist him, should visit our country

and there keep alive in some form which may seem most appropriate this Round Table Conference or its child to carry on the work. We welcome such a proposal if it has taken shape; and there are one or two things that one would like to say about this. Prime Minister, do you remember that in January of this year when you made your great statement, there were two parts in it? In one part you gave us a formal statement with the authority of Government. The other and greater part contained your own admonition and exhortations to us. One passage in it which struck me then as remarkable, and which has never left my mind since, was to the effect that the work of the Conference could not be entrusted to the bureaucracy, whether in this country or in India, but must be carried on under the control of politicians. Your experience, Prime Minister, must have dictated that caution. For many years in the wilderness of private membership, now enlarged and corrected by some years of the most exalted and difficult office of the Empire, you have garnered this lesson, that noble political ideals, generous national aspirations, do not thrive in official bosoms. We non-officials engender them, cherish them, and know how to bring them to fruition. In the long corridors and haunts of the India Office and of the great Secretariat that we have built in New Delhi there are many dark places where these beautiful and moving ideals are apt to be strangled, or at least they will be delayed until they have no further significance to those who have been deeply interested in them. We have had the very sad instance of a committee that sat recently in India and considered a most vital subject and, as has often been stated before us here, brought it to grief. They neglected your wise advice, Prime Minister. I really wish, although it should have been unnecessary, that in your statement to-morrow you would repeat that advice and put it into your formal declaration so that there could be no excuse for the authorities to put it aside. I think you ought to make it an injunction to those whose business it is to carry on the work of this Conference to nobler issues. You must make it incumbent on them to place their operations in the hands of the politicians and statesmen of India and the statesmen here, and not entrust them to the unenthusiastic, dry-as-dust hands of bureaucracy.

And, Prime Minister, when you constitute these commissions and important committees and entrust vital aspects to their charge, do as you did this year; summon Mahatma Gandhi and his associates to it; let him not in despair go back to the arid fields of non-co-operation.

Yes, Mahatma, if I may apostrophise you, forgetting for a moment the Prime Minister, your duty hereafter is with us. You have acquired an unparalleled reputation. Your influence is unequalled. Your spiritual power to command men and to raise them above themselves is acknowledged all over the world. Shall not these great gifts be harnessed to the constructive work of the nation? Have you the heart, I ask you, still to lead your people, trustful and obedient, through the valley of humiliation if it be not necessary—and I contend it is no longer necessary? The steps that we have

taken so far round this table mark a distinct stage in advance. It may not be as satisfactory as you wish. It is certainly not as satisfactory as I wish. Nevertheless, it seems to me that you and I and other friends here, working together, can frame this constitution and so shape it that while deriving the most that it can yield we can also look forward with confidence to a future when we shall be enabled to perfect it, and that at no distant date.

The thing is in our hands to-day. This Imperial Parliament, dominated as it may be by a Conservative majority, this Imperial Parliament in its debates to-morrow and the day after will set its *imprimatur*, I am perfectly assured, on the declaration that the Prime Minister makes to-morrow a few hours from now. Yes, and when that work is done, believe me, Mahatma, that in your hands more than those of any other single Indian lies our future progress. Remember the days when some of us here ran between Raisina and Daryagunj, bringing Lord Irwin and you together in mutual understanding and mutual co-operation. Yes, it seems to me that you cannot but have seen during these several weeks that you have worked with us that there is some knowledge, some wisdom, some patriotism even outside the ranks of the Congress which you so much worship. We can be of some use to you. Take us in hand. Do not dismiss us as people whose ideas are still evolving and may be long in reaching the heights of Congress wisdom. Believe me that with you and your chosen associates we can fashion our constitution to great ends, and India will have cause to be truly thankful that you changed your plans and came here. For the work of a great country like India, a growing nation like our people, lies in many directions. There is not one road to the salvation of our people, and patriotism takes many shapes and works in diverse ways according as circumstances may require. The circumstances to-day demand that you should change your plans, dismiss civil disobedience from your mind and take up this work in a spirit of complete trust in us and of faith in the British people, too. I want to tell you this. I have read some history, and, believe me, the British people often do wrong, the British people often take unwise courses. Nevertheless, in the long run they come back to the ways of reason, moderation and justice. This is one of the occasions when it seems to me that they are in their most winning and admirable mood. Take them now and victory is ours.

Chairman : We now come to the end of these sittings, and it only remains for me to-morrow to make the Government statement and to say to you au revoir. Although it is after two o'clock in the morning, I cannot leave this Chair without one word of tribute to that magnificent statement to which we have just listened. That statement shows an insight into the heart of India; but, my friends, it does more than that; it shows an insight into the heart of Great Britain, and, approached in that way, your approach is bound to be irresistible.

(The Conference adjourned at 2-15 a.m.)

Loyal Message to His Majesty the King-Emperor.

Chairman : You know with what great interest His Majesty the King-Emperor has followed the deliberations of this Conference, and I am sure you would wish that an expression of your loyal devotion to the King-Emperor should go from this Conference before it adjourns to-morrow.

May I, therefore, propose that this message should be sent to the King-Emperor in your name:—

> " The Delegates to the Indian Round Table Conference with their humble duty to Your Majesty desire to tender to Your Majesty their loyal and heartfelt gratitude for the gracious favours they have once more received at Your Majesty's hands. They are deeply conscious of Your Majesty's unfailing solicitude for the well-being of the Princes and people of their Motherland, and they believe Your Majesty needs no assurance that in no other part of Your Realm is there a livelier sense of loyalty and devotion to Your Majesty's Throne and Person."

Then I shall see that that is done, and I hope to-morrow morning I shall be able to communicate a message from His Majesty to the Conference.

FIANL PLENARY SESSION, 1st DECEMBER, 1931.

Reply from His Majesty the King-Emperor to Loyal Message.

Chairman : Your Highnesses, Ladies and Gentlemen, my first duty is to communicate to the Conference His Majesty the King-Emperor's reply to our address of yesterday:—

> "The Delegates to the Indian Round Table Conference. I have received with much satisfaction your loyal message, and I send you my best wishes for a safe return to your Motherland.
>
> I am not unaware of the difficulties brought to light by a close examination of the great task to which you set your hands last year, but I bid you not to let them discourage nor oppress you, and I earnestly trust that under your guidance the great communities of India will pursue with patience and forbearance the path of co-operation and of peaceful discussion to which your endeavours have so clearly shown the way."

That is signed by his own hand.

*STATEMENT BY THE PRIME MINISTER.

We have now had two Sessions of the Round Table Conference, and the time has come to survey the important work which has been done, first of all, in setting out the problems which in the task of Indian constitution-building we have to surmount, and then in trying to find how to surmount them. The reports presented to us now bring our co-operation to the end of another stage, and we must pause and study what has been done and the obstacles which we have encountered, and the best ways and means of bringing our work to a successful end as rapidly as possible. I regard our discussions and our personal contacts here as of the highest value, and make bold to say that they have raised the problem of Indian constitutional reform far above the mere technicalities of constitution-making; for we have won that confidence in, and respect for, each other which has made the task one of helpful political co-operation. That, I am confident, will continue to the end. By co-operation alone can we succeed.

At the beginning of the year I made a declaration of the policy of the then Government, and I am authorised by the present one to give you and India a specific assurance that it remains their policy. I shall repeat the salient sentences of that declaration:—

> "The view of His Majesty's Government is that responsibility for the government of India should be placed upon

* The passages in the statement shown in square brackets [ ] were added by way of explanation in the course of the speech, which differs to this extent from the version published separately as a White Paper (Cmd. 3972).

Legislatures, Central and Provincial, with such provisions as may be necessary to guarantee, during a period of transition, the observance of certain obligations and to meet other special circumstances, and also with such guarantees as are required by minorities to protect their political liberties and rights.

In such statutory safeguards as may be made for meeting the needs of the transitional period, it will be a primary concern of His Majesty's Government to see that the reserved powers are so framed and exercised as not to prejudice the advance of India through the new constitution to full responsibility for her own government."

With regard to the Central Government, I made it plain that, subject to defined conditions, His Majesty's late Government were prepared to recognise the principle of the responsibility of the Executive to the Legislature, if both were constituted on an all-India Federal basis. The principle of responsibility was to be subject to the qualification that, in existing circumstances, Defence and External Affairs must be reserved to the Governor-General, and that, in regard to finance such conditions must apply as would ensure the fulfilment of the obligations incurred under the authority of the Secretary of State, and the maintenance unimpaired of the financial stability and credit of India.

Finally, it was our view that the Governor-General must be granted the necessary powers to enable him to fulfil his responsibility for securing the observance of the constitutional rights of Minorities, and for ultimately maintaining the tranquillity of the State.

These were, in broad outline, the features of the new constitution for India as contemplated by His Majesty's Government at the end of the last Conference.

As I say, my colleagues in His Majesty's present Government fully accept that statement of January last as representing their own policy. In particular, they desire to reaffirm their belief in an all-India Federation as offering the only hopeful solution of India's constitutional problem. They intend to pursue this plan unswervingly and to do their utmost to surmount the difficulties which now stand in the way of its realisation. In order to give this declaration the fullest authority, the statement which I am now making to you will be circulated to-day as a White Paper to both Houses of Parliament, and the Government will ask Parliament to approve it this week.

The discussions which have been proceeding during the past two months have been of value in showing us more precisely the problems we have to solve, and have advanced us towards the solution of some of them. But they have also made it plain that others still require further examination and co-operative consideration. There is still difference of opinion, for instance, as to the composition and powers of the Federal Legislature, and I regret

that owing to the absence of a settlement of the key question of how to safeguard the Minorities under a responsible Central Government, the Conference has been unable to discuss effectively the nature of the Federal Executive and its relationship with the Legislature. Again, it has not yet been possible for the States to settle amongst themselves their place in the Federation and their mutual relationships within it. Our common purpose will not be advanced by ignoring these facts, nor by assuming that the difficulties they present will somehow solve themselves. Further thought, discussion and reconciliation of different interests and points of view are still required before we can translate broad general aims into the detailed machinery of a workable constitution. I am not saying this to indicate impossibility, nor to foreshadow any pause in our work. I only wish to remind you that we have put our hands to a task which demands alike from His Majesty's Government and from the leaders of Indian opinion care, courage and time, lest when the work is done it may bring confusion and disappointment, and instead of opening the way to political progress may effectively bar it. We must build like good craftsmen, well and truly; our duty to India demands that from all of us.

What then is the general position in which we find ourselves as regards a practical programme for the advancement of our common aims? I want no more general declarations which carry us no further in our work. The declarations already made and repeated to-day are enough to give confidence in the purpose of the Government and to provide work for the Committees to which I shall refer. I want to keep to business. The great idea of all-India Federation still holds the field. The principle of a responsible Federal Government, subject to certain reservations and safeguards through a transition period, remains unchanged. And we are all agreed that the Governors' Provinces of the future are to be responsibly governed units, enjoying the greatest possible measure of freedom from outside interference and dictation in carrying out their own policies in their own sphere.

I should explain at once in connection with that last point that we contemplate as one feature of the new order that the North-West Frontier Province should be constituted a Governor's Province, of the same status as other Governors' Provinces, but with due regard to the necessary requirements of the Frontier, and that, as in all other Governors' Provinces, the powers entrusted to the Governor to safeguard the safety and tranquillity of the Province shall be real and effective.

His Majesty's Government also accept in principle the proposition which was endorsed at the last Conference that Sind should be constituted a separate Province, if satisfactory means of financing it can be found. We therefore intend to ask the Government of India to arrange for a Conference with representatives of Sind for the purpose of trying to overcome the difficulties disclosed by the report of the expert financial investigation which has just been completed.

But I have digressed from the question of a programme in the light of the accepted factors—Federation as the aim and self-governing Provinces and the Indian States as its basis. As I have said, our discussions have made it clear to all of us that Federation cannot be achieved in a month or two. There is a mass of difficult constructive work still to be done, and there are important agreements to be sought by which the structure must be shaped and cemented. It is equally plain that the framing of a scheme of responsible government for the Provinces would be a simpler task which could be more speedily accomplished. The adjustments and modifications of the powers now exercised by the Central Government which would obviously have to be made in order to give real self-government to the Provinces should raise no insuperable difficulties. It has, therefore, been pressed upon the Government that the surest and speediest route to Federation would be to get these measures in train forthwith, and not to delay the assumption of full responsibility by the Provinces a day longer than is necessary. But it is clear that a partial advance does not commend itself to you. You have indicated your desire that no change should be made in the constitution which is not effected by one all-embracing Statute covering the whole field, and His Majesty's Government have no intention of urging a responsibility which, for whatever reasons, is considered at the moment premature or ill-advised. It may be that opinion and circumstances will change, and it is not necessary here and now to take any irrevocable decision. We intend, and have always intended, to press on with all possible despatch with the Federal plan. It would clearly be indefensible, however, to allow the present decision to stand in the way of the earliest possible constitutional advance in the North-West Frontier Province. We intend, therefore, to take the necessary steps as soon as may be to apply to the North-West Frontier Province, until the new constitutions are established, the provisions of the present Act relating to Governors' Provinces.

We must all, however, realise that there stands in the way of progress, whether for the Provinces or the Centre, that formidable obstacle, the communal deadlock. I have never concealed from you my conviction that this is above all others a problem for you to settle by agreement amongst yourselves. The first of the privileges and the burdens of a self-governing people is to agree how the democratic principle of representation is to be applied—or, in other words, who are to be represented and how it is to be done. This Conference has twice essayed this task; twice it has failed. I cannot believe that you will demand that we shall accept these failures as final and conclusive.

But time presses. We shall soon find that our endeavours to proceed with our plans are held up (indeed they have been held up already) if you cannot present us with a settlement acceptable to all parties as the foundations upon which to build. In that event His Majesty's Government would be compelled to apply a provisional scheme, for they are determined that even this disability shall not be permitted to be a bar to progress. This would mean

that His Majesty's Government would have to settle for you, not only your problems of representation, but also to decide as wisely and justly as possible what checks and balances the constitution is to contain to protect minorities from an unrestricted and tyrannical use of the democratic principle expressing itself solely through majority power. I desire to warn you that if the Government have to supply even temporarily this part of your constitution which you are unable to supply for yourselves, and though it will be our care to provide the most ample safeguards for minorities so that none of them need feel that they have been neglected, it will not be a satisfactory way of dealing with this problem. Let me also warn you that if you cannot come to an agreement on this amongst yourselves, it will add considerably to the difficulties of any Government here which shares our views of an Indian Constitution, and it will detract from the place which that Constitution will occupy amongst those of other nations. I therefore beg of you once more to take further opportunities to meet together and present us with an agreement.

We intend to go ahead. We have now brought our business down to specific problems which require close and intimate consideration, first of all by bodies which are really committees and not unwieldy conferences, and we must now set up machinery to do this kind of work. As that is being done and conclusions presented, we must be able to continue consultations with you. I propose, therefore, with your consent, to nominate in due course a small representative committee—a working committee—of this Conference which will remain in being in India, with which, through the Viceroy, we can keep in effective touch. I cannot here and now specify precisely how this committee can best be employed. This is a matter which must be worked out and must to some extent depend on the reports of the committees we propose to set up. But in the end, we shall have to meet again for a final review of the whole scheme.

[The plan, in a word, is this—I would like you to carry it in your minds—that these two Sessions have provided now a mass of details. You have sketched out in a general way the kind of constitution; then you have said: This wing of it, that wing of it, that aspect of it, has not yet been drawn in detail by any architect; and we now have to consider the stresses and the strains that will be put upon the fabric, the best way to protect it, to safeguard it and to carry it. With that material in front of us, we appoint this Committee, that Committee and the other Committees to study the matter and to produce proposals for us for dealing with them. That is what you would call the detailed work that must be pursued; and you know perfectly well, my friends, that a Conference as large as this, or a Committee as large as some of those Committees that have been meeting under the Chairmanship of the Lord Chancellor cannot do that work. There are too many long speeches. There are too many written speeches. There is not enough intimate, practical and pointed exchange of view, sharp across a table without ten-minute speeches—two seconds' observation met by another two

seconds' observation. Only in that way are you going to work it out. But whilst this is being done we have to keep in contact with what I would call the large representative political body, a body of this nature, a body which this typifies. That is the plan, the conception of His Majesty's Government, of quick, effective, scientific and certain work in the building up of the great constitution of India to which reference has been made.]

It is our intention to set up at once the Committees whose appointment the Conference has recommended; (*a*) to investigate and advise on the revision of the franchise and constituencies; [that must be done and that has got to be worked out in detail and it has got to be done on the spot, not seven thousand miles away;] (*b*) to put to the test of detailed budgetary facts and figures the recommendations of the Federal Finance sub-Committee; and (*c*) to explore more fully the specific financial problems arising in connection with certain individual States. [These three Committees have been requested already by you and they will be set up immediately. When I say immediately, do not imagine that it is going to be done to-morrow. But it is going to be done at the end of this month, perhaps, or the turn of the year.] We intend that these Committees shall be at work in India under the chairmanship of distinguished public men from this country as early in the New Year as possible. The views expressed by you here on the other outstanding Federal problems will be taken into consideration at once, and the necessary steps taken to get better understanding and agreement upon them.

His Majesty's Government have also taken note of the suggestion made in paragraph 26 of the Federal Structure Committee's Third Report, with the object of facilitating an early decision on the distribution among the States of whatever quota may be agreed upon for their representation in the Legislature. It follows from what I have already said that they share the general desire for an early agreement on this question among the States, and His Majesty's Government intend to afford the Princes all possible assistance by way of advice in this matter. If it appears to the Government that there is likely to be undue delay in their reaching agreement amongst themselves, the Government will take such steps as seem helpful to obtain a working settlement.

I have already alluded to another matter to which you have given ample evidence that you attach great importance, and to which you will expect me to refer. A decision of the communal problem which provides only for representation of the communities in the Legislatures is not enough to secure what I may call "natural rights." When such provisions have been made, minorities will still remain minorities, and the constitution must therefore contain provisions which will give all creeds and classes a due sense of security that the principle of majority government is not to be employed to their moral or material disadvantage in the body politic. The Government cannot undertake here and now to specify in detail what those provisions should be. Their form and scope

will need the most anxious and careful consideration with a view to ensuring on the one hand that they are reasonably adequate for their purpose, and on the other that they do not encroach, to an extent which amounts to stultification, upon the principles of representative responsible government. In this matter the Committee of Consultation should play an important part for, here also, just as in regard to the method and proportions of electoral representation, it is vital to the success of the new constitution that it should be framed on a basis of mutual agreement.

Now, once again we must bid each other good-bye [for a time. We shall meet individually, and we shall meet, I hope, on Committees, in unity carrying on this work to which we have set our hands—not we in the sense of His Majesty's Government, but we in the sense of you and us together.] Great strides have been made, greater, I am sure you will find, than the most optimistic think. I was glad to hear in the course of these debates speaker after speaker taking that view. It is the true view. [These Conferences have not been failures in any sense of the term. These Conferences had to meet; these Conferences had to come up against obstacles; these Conferences had to be the means by which diversity of opinion had to be expressed; these Conferences enabled us not only to mobilise the goodwill of India and England, but also enabled us to mobilise the great problems, the historical problems of India. Those problems have enabled us all—you and we together—to come down and face hard reality, and to gather from mutual conference the spirit and the determination to overcome difficulties.] We have met with obstacles, but one of those optimists to whom humanity owes most of its progress said that "obstacles were made to be overcome." In that buoyancy of spirit and the goodwill which comes from it, let us go on with our task. My fairly wide experience of Conferences like this is that the road to agreements is very broken and littered with obstructions to begin with, and the first stages often fill one with despair. But quite suddenly, and generally unexpectedly, the way smoothes itself out and the end is happily reached. I not only pray that such may be our experience, but I assure you that the Government will strive unceasingly to secure such a successful termination to our mutual labours.

Mr. Gandhi: Prime Minister and Friends, the privilege and the responsibility of moving a vote of thanks to the Chair have been entrusted to me, and I have taken up the responsibility and the privilege with the greatest pleasure. It is not expected of any single one of us, and least of all of me, that I should say on this occasion anything whatsoever about the weighty pronouncement to which we have all just listened. A chairman who conducts the proceedings of his meeting in a becoming and courteous manner is always entitled to a vote of thanks, whether those who compose the meeting agree with the decisions taken at the meeting, or with the decisions that may be given by the Chairman himself.

Sir, I know that yours was a double duty. You had not only to conduct the proceedings of the Conference with becoming dignity and with impartiality, but you had often to convey the decisions of His Majesty's Government. And your final act in the Chair has been to convey the considered decision of His Majesty's Government over the many matters on which this Conference has deliberated. I propose to omit that part of your task; but for me the pleasanter part is how you have conducted the proceedings, and let me congratulate you upon the lessons that you have given us so often in time-sense. Chairmen often neglect that very elementary duty, and I must confess in my country almost with tiresome regularity. We are not credited with proper time-sense. Prime Minister, it will be my pleasant and bounden duty to give to my countrymen when I return to India what the British Prime Minister has done in the matter of time-sense.

The other thing that you have shown us is your amazing industry. Brought up in your hardy Scotch climate, you have not known what rest is, and you have not allowed us also to know what rest is. With, shall I say, almost unexampled ferocity you worked every-one of us, including old men like my friend and revered brother Pandit Madan Mohan Malaviya and equally old men like me. You have worked almost to exhaustion, with a pitilessness worthy of a Scotsman like you, my friend and revered leader, Mr. Sastri. You let us know yesterday that you knew his physical condition, but before a sense of duty you set aside all these personal considerations. All honour to you for that, and I shall treasure this amazing industry of yours.

But let me say on this matter that although I belong to a climate which is considered to be luxuriant, almost bordering on the equatorial regions, perhaps we might there be able to cross swords with you in industry, but that does not matter. If what you gave us yesterday, if that is only a foretaste of what you are capable of—working even for a full twenty-four hours as your House of Commons has done at times—well then, of course, you will take the palm.

Therefore I have the greatest pleasure in moving this vote of thanks. But there is an additional reason, and it is perhaps a greater reason why I should shoulder this responsibility and esteem the privilege that has been given to me. It is somewhat likely—I would say only somewhat likely, because I would like to study your declaration, once, twice, thrice, as often as it may be necessary, scanning every word of it, reading its hidden meaning—if there is a hidden meaning in it—crossing all the t's, dotting all the i's, before I come to a conclusion—that so far as I am concerned we have come to the parting of the ways, that our ways take different directions; it does not matter to us. Even so, you are entitled to my hearty and most sincere vote of thanks. It is not given to us in this society of ours for all to agree in order to respect one another. It is not given to us always to expect meticulous regard for each other's opinions and always to be accommodating so that

there is no principle left with you. On the contrary, dignity of human nature requires that we must face the storms of life, and sometimes even blood brothers have got to go each his own way, but if at the end of their quarrel—at the end of their differences—they can say that they bore no malice, and that even so they acted as becomes a gentleman, a soldier—if it will be possible at the end of the chapter for me to say that of myself and of my countrymen, and if it is possible for me to say that of you, Prime Minister, and of your countrymen, I will say that we parted also well. I do not know. I do not know in what directions my path will lie, but it does not matter to me in what direction that path lies. Even then, although I may have to go in an exactly opposite direction, you are still entitled to a vote of thanks from me from the bottom of my heart.

Sir Abdul Qaiyum: Mr. Prime Minister, a sort of whisper came into my ear that I must have the honour of seconding this vote of thanks to you, and it at once reminded me of that Persian couplet which says,

" Asmán bar-i-amánat natawanist kashid
Qurai fál ba námi man i diwána Zadand."

A Delegate: Translate.

Sir Abdul Qaiyum: I cannot make a very good translation. It is really meant for Mrs. Naidu to translate that for me, as the Nightingale of India; but it means, " The burden of responsibility which could not be borne even by heaven has fallen on the shoulders of this half-lunatic or full lunatic." It comes to me like a dream, because I had already been overwhelmed with the announcement about the fate of my Province, and when this extraordinary honour of seconding the vote of thanks and following in the footsteps of the great Mahatma fell to my lot, I did not know the bounds of my happiness and my honour.

Sir, I most sincerely and heartily second this vote of thanks which is going to be presented on behalf of the Conference by the Mahatma. The great labours in which you have been engaged for nearly a year in connection with the holding of these Conferences, and the great patience and toleration which you have shown in listening to these long and sometimes out-of-order speeches, show how great is your sympathy with the aspirations of India and how anxious you are to meet their wishes.

Sir, the statement which you have just made on behalf of the British Government is very, very clear, and, at least to men of my way of thinking, is quite satisfactory. It may not have satisfied every member of the Conference, but there is one from a far-off corner of India who feels quite satisfied with the fate of his own Province.

There has been a great deal of delay in the consideration of our case, but there is a saying that a cow cannot be considered as lost when it returns to its home even after three days, and to me this is the greatest pleasure, because when I undertook this work I

never expected that I should see the end of it in my own lifetime. These things do take a very long time, and I am glad that the opportunity arose which brought us here to England to discuss the affairs of India, and that my own little case also came into prominence.

I am not only grateful to you, Sir, but also to your Government of last year and to the present Government of Great Britain, and to all the Members of the Conference who have supported me or at least have helped me by not raising any objection against the case I put forward. I refer in particular to the Mahatma, who only last night supported the case as just, as I expected that he would, but I am not less grateful to my old friend, Dr. Moonje, who has never raised any objection at all.

I wish I had the command of language like my friend Sir Tej Bahadur Sapru, or the two friends sitting next to him, so that I might say how grateful I feel at present for this great boon which has been shown to our Province. But I will make one request. I heard some such words in your statement, Sir, as: "With due regard to the requirements of the defence of the Frontier." That emboldens me to say that I hope that the best interpretation will always be put upon that clause, and that we shall be allowed, even if we commit occasional mistakes, every opportunity of having the experience of the new constitution which you have so kindly placed before us.

With these words I most heartily second the vote of thanks proposed by the Mahatma.

H.H. The Nawab of Bhopal: Prime Minister, it is my pleasant duty as well as my privilege to give our wholehearted support—the support of the Princes—to the vote of thanks to the Chair that has been moved. I am not going to make a speech; I think we would all like, for the time being at least, to avoid speeches. But I would say this much, that we of the States will continue wholeheartedly to co-operate with His Majesty's Government and with British India in the noble task of creating a greater India. We, the Princes, are most grateful to you, Sir, to the Lord Chancellor and to Sir Samuel Hoare, our Secretary of State, for all the courtesy, kindness and goodwill that has been shown to us by you all. We are, Sir, grateful to you and to every Englishman for the hospitality that has been shown to us. We are carrying back with us the happiest memories, and we hope that we shall soon meet again, perhaps this time in our own country where the bright sun will continue to shine on our deliberations and on the destinies of India and of England. The fortunes of our two countries have been insolubly united and this Conference has further strengthened the links, I hope for all times to come. It is in this spirit that we are returning to our homes. We wish to thank you once again.

(The vote of thanks was put to the Conference by the Lord Chancellor and was declared to be carried unanimously and with acclamation.)

Chairman: My Lords, Ladies and Gentlemen, the warmth of the reception you have given to this resolution touches me very much. There are a fairly good sprinkling of you who are old friends of mine, whom I have known for a good many years, and you know perfectly well how close to my heart lies India and the people of India, and how, as Lord Reading said yesterday, I should feel very happy indeed if, before the time comes, which comes to all of us when we have to take our hand from the plough and allow others to go on with the furrow, I could see such a settlement between India and this country as would make India content, would give reason for my own people to be proud of their capacity to handle a very delicate subject and would cement for all time the finest and the most spontaneous friendship between India and Great Britain. I hope that that will be so. In any event, you know with what heart and with what pleasure I found that on account of my position here I was to preside over the deliberations of this Conference. I do hope, my friends, we are going to go away determined to co-operate. It is no good going on any other path, let me assure you. History is full of adventures on that other path. But what have we been living for? Why has our race been in existence for centuries except to discard old paths and pursue new ones and better ones? The path of reason, the path of mutual goodwill, the path of the two peoples uniting together to make a road to an aim which we now profess together to have in common, is the path of the future, whatever may have been the path of the past.

I am so much obliged to Mahatma Gandhi for the very kind and friendly things he said in moving this resolution. There is only one thing I quarrel with him about, and I hope he will not consider it is a major thing, and I hope he will not have any misunderstandings about it. It is this. Why does he refer to himself, in relation to me, as an old man? Why, the Mahatma has got years to his advantage. It was a young man who spoke at 12 o'clock last night—a young man, a youth. It was an old man who sat in the chair and kept him at his work. Mr. Gandhi has got the advantage of youth compared with me. I do not know which of us looks the older—but if you turn up these records that lie not, the records of "Who's Who," and that sort of thing, you will discover that in the ordinary course of nature I am much nearer the end of my time than Mr. Gandhi himself.—("No, you are not, Sir")—and that if there is anybody who has got any grievance about prolonged sitting it is not the young man who spoke—as I see you all, smiling youths—it was the old man who presided over you and whom you kept out of bed until half-past two this morning and then made him get up at 6 o'clock this morning in order to come here with a prepared statement to read to you. That is where the grievance is. But, my friends, I have none—not a particle, not a shadow—if it has been in the interests of India and for the purpose of bringing you together.

There is only one thing more I want to say. I am so glad that my old friend opposite me (Sir Abdul Qaiyum) seconded the

resolution. It is a great achievement to get Mahatma Gandhi and him together. That is a foretaste of what is going to happen when Muslim and Hindu—

Mr. Gandhi: Not Hindu!

Chairman: Mr. Gandhi understands the lapses of an untrained human tongue.

Mr. Gandhi: I forgive it.

Chairman: He understands the lapses of an untrained human tongue such as mine, but the Mussulmans and the others came together. I am beginning to pick up Mr. Gandhi's thoughts, because he has always told us that you were sections and that he comprehended you all.

Mr. Gandhi: Of course!

The Chairman: But look at the effect of the two of you coming together in order to co-operate and express your gratitude to a Scotsman. My dear Mahatma, let us go on in this way; it is the best way; you may find it will be the only way. It is certainly a way that will enable both of us to take great pride in our work and to relate our political action with those glorious spiritual impulses which lie at the source of all our being.

One other thing. When the Mahatma takes the Chair in India, if he will let me know, I will come over and see whether he is an apt pupil of mine or not, whether he can enforce with energy and with success the " time-sense " for which he has been so kind and liberal in his praise of me this morning.

Well, a very good voyage home to you all! A very happy and very prosperous returning! And do remember that we are enlisted in the same cause, that we are bound by the same loyalty, the loyalty to India herself. Do remember to stand shoulder to shoulder with us, to exchange views, and by mutual co-operation, with good luck and good fortune, we shall solve the problems that now confront us and see India stand self-governing and self-respecting in the world.

For the last time, I declare that the Conference now adjourns.

(*The Conference terminated at 12-33 p.m.*)

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REPORT

OF THE

ORISSA COMMITTEE

Volume I—Report and Financial Appendices

CALCUTTA: GOVERNMENT OF INDIA
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ORISSA COMMITTEE.

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VOLUME I.—Report and Financial Appendices.

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INTRODUCTORY.

We were appointed by the Government of India, in their Resolution No. F. 12/VI/31, dated the 18th September 1931 [Reproduced in Appendix 1, (Volume II)], with instructions to examine and report on the financial and other consequences of setting up a separate administration for Orissa, and to make recommendations regarding the boundaries in the event of separation. The resolution directed that three other persons, namely, the Raja of Parlakimedi, Mr. Sachchidananda Sinha, Bar.-at-Law and Rao Bahadur C. V. S. Narasimha Raju Garu should be associated with us in our enquiry, and should share freely in our proceedings but take no part in the drafting and signing of the report.

2. We held our first meeting at Patna on the 7th November 1931 when we discussed the procedure to be followed in the course of our enquiry. As we were anxious to enlist the co-operation of the public, we issued a communiqué [Reproduced in Appendix 2 (Volume II)] in which we drew attention to our terms of reference, and invited the submission of memoranda by public bodies, organised associations, and leading members of the general public. We also decided to take oral evidence at suitable centres. We re-assembled at Jamshedpur on the 23rd November, and subsequently visited Chaibassa, Sambalpur, Raipur, Midnapur, Gopalpur, Waltair, Cocanada and Cuttack. This part of our investigation was completed by the 14th January, by which date we had examined in all 410 witnesses and we were then in a position to formulate our recommendations regarding the boundaries of a separate province of Orissa, and to take in hand the working out of the financial and other consequences. We signed our report on the 19th April 1932.

3. Our task has been much lightened by the cordial assistance which we have received from the public officials and the Governments concerned. In response to our communiqué, written memoranda [the more important of these memoranda have been reproduced in Appendix 3 (Volume II)] were submitted by the Utkal Union Committee, the Oriya Associations of Jamshedpur, Midnapur, Sambalpur and Ganjam, the Jeypore Amalgamation Committee, the Ganjam Defence League, the Midnapur Anti-partition Committee, the Mankis of Kolhan and the Government of the Central Provinces, in which the case for and against the inclusion of each of the areas claimed by the Oriyas was very fully discussed. These memoranda greatly facilitated the oral examination of witnesses at the various centres visited by us. We are particularly indebted to the Census Superintendents of Madras, Bengal, Bihar and Orissa, and the Central Provinces for the very detailed maps and tables, which they furnished to us, showing the distribution of languages and races [Census statistics and maps are reproduced in Appendices 4 and 5 (Volume II)]. For the financial side of our task, we were fortunate to obtain the services of Mr. R. D. Balvally, Assistant Accounts Officer, which were kindly placed at our disposal by the Auditor General. His intimate knowledge of the Indian system of accounts and his experience as Secretary of the Sind Financial Enquiry Committee were invaluable to us. But it would have been quite impossible to prepare an accurate estimate of revenue and expenditure without the very great help received from the Government of Bihar and Orissa, especially as regards overhead charges, and the future yield of taxation. Lastly we have to tender our cordial acknowledgments to our associate members with whom we have been in close consultation throughout, and our thanks to our Secretary, Mr. B. C. Mukharji, I.C.S., who has worked unsparingly.

CHAPTER I.

The Boundaries.

4. It is unnecessary for us to describe the genesis of the movement amongst the Oriyas for the amalgamation of the Oriya-speaking tracts, and the discussions to which it has given rise in the past. They are fully described in the memorandum prepared by the Government of India for the Statutory Commission, to which there is nothing that we can usefully add. Nor have we to consider whether a separate province of Orissa should or should not be created. The question referred to us is of a more limited scope: it is, what, if such a province is created, should its boundaries be. We can thus pass at once to an examination of the claims and suggestions that have been laid before us in the course of our enquiry.

5. In the memoranda submitted by the Utkal Union Committee and various local Associations it is claimed that a separate province of Orissa should include the following areas:—

(1) The Orissa division.

(2) Angul.

(3) The sub-divisions of Contai and Jhargram and the thanas of Kharagpur, Narayangarh, Danton, Mohanpur and Keshiari of the Sadr sub-division of the district of Midnapore in Bengal.

(4) The thanas of Similiapal, Raipur and Khatra of the district of Bankura in Bengal.

(5) The district of Singhbhum.

(6) The thanas of Barabhum, Manbazar and Chandil of Manbhum district.

(7) The district of Ranchi.

(8) The Zamindaries of Khariar, Phuljhar and Bindra Nuagarh in Mahasamand Tehsil of Raipur district.

(9) The Zamindaries of Chandrapur—Padampur and Malkhurda and a group of nine villages called the "Jogni" villages in the Bilaspur district.

(10) The district of Ganjam (including the Agency tracts) except the taluk of Chicacole and its sub-taluk of Narsanpeta.

(11) Vizagapatam Agency excluding Gudem Taluk.

It is also suggested though no actual claim is made that the whole of Chota Nagpur should be included.

6. Each of these areas demands separate examination: in no two of them are the conditions the same. But it will be as well to indicate at the outset the way in which we have approached this question of the boundaries. We agree with the Statutory Commission that it cannot be settled by any single test. Language, race, the attitude of the people, geographical position, economic interest and administrative convenience are all relevant factors; and in framing our proposals we have taken account of all of them. But we attach great,

indeed, primary importance to the wishes of the inhabitants, where they can be clearly ascertained. We think that only very exceptional circumstances could justify the transfer of any area to the new province against the opposition of its people. To do so would be to run counter to the principle on which the Oriyas themselves have taken their stand in their claim for the re-union under one administration of the Oriya-speaking tracts. And there is at least a strong *prima facie* case for including an area if this is desired by a substantial majority of its inhabitants. But the views of the people on the other side of the boundary cannot be ignored : it is clearly desirable that both on the side gaining and on the side losing territory there should be the largest possible measure of agreement.

(1) *The Orissa division.*

7. It is clear that if it is decided to create a separate province of Orissa the present Orissa division must form part of it. The districts of Cuttack, Puri and Balasore are the home land of the Oriya race : they are by every test an Oriya tract. In Sambalpur the substratum of the population is aboriginal; but the Oriyas penetrated into it at a very early date ; for centuries Sambalpur was governed by Oriya chiefs ; and the great majority of the people speak Oriya and regard themselves as Oriyas.

(2) *Angul.*

8. Angul consists of two distinct tracts, the Angul sub-division, and the Khond Mahals, separated by the Baud State. The population is mainly aboriginal, but more than three-fourths speak Oriya which is replacing the Khond language even in the Khond Mahals. And the geographical position of both tracts makes it inevitable that they should be included along with the districts of the Orissa division.

(3) *Bengal—Midnapore.*

9. The Midnapore district, as its earlier name [*Madhyades* (Hunter's *Orissa*, foot-note, Volume I, page 313)] indicates, has from very early times been a frontier tract between Bengal and Orissa. For about four and a half centuries, that is from the middle of the 12th century till 1568, it formed with the Arambagh sub-division of the Hooghly district, the northern part of the kingdom of the *Ganga* kings who then ruled Orissa. In 1568 Midnapore passed under the sway of the Afghans, but in the long struggle that followed with the Moghals, Midnapore and the adjacent pargana of Balasore were the frontier of the latter. On the final triumph of the Moghals Midnapore became part of *Subah* Orissa ; but in 1751 Orissa as demarcated by the river Subarnarekha was ceded to the Marathas. The Subarnarekha was not, however, the real boundary as certain parganas to the east of the river continued to be held by the Marathas. In 1760 Midnapore except the *Pataspur* pargana was ceded to the British. In 1803 Orissa was conquered by the British, but for a long time a perplexing series of transfers and re-transfers of parganas between Balasore and Midnapore went on, and the present boundary was not finally defined til 1870.

10. The population and language of Midnapore show the characteristics of a frontier tract. " The people of Midnapore " wrote Mr. H. V. Bayley in his memoranda of Midnapore (1852) " are generally composed of an amalgamated

race, who can neither be called Bengalis nor Oriyas, but who are a mixture of both. It is not intended to convey by this remark the impression that the mixture observable has been effected so much by inter-marriage between the two classes as by the adoption of manners and habits common to both. The people of Midnapore proper are of Bengal and Orissa. Its inhabitants consist of emigrants from both parts who have by long association with each other lost the salient points of their respective nationalities. But the Bengali emigrants appear evidently to form only a small proportion of the people from the great prevalence of Oriya family names among all classes of society as Brehara, Giri, Jana, Mahapatra, Mahikup, Mahanti, Panda, Patnaik, etc." Dr. Grierson writing about the beginning of the century describes the language in the areas adjoining Balasore as a mechanical mixture of corrupt Bengali and Oriya. The Gazetteer of 1911, however, notes that though Mr. Bayley's account still held good of a certain proportion of the population, it would be more correct to say that the inhabitants of Midnapore were composed of three classes, *viz.*, pure Bengali, Bengali-Oriya and aboriginal tribes. And Dr. Grierson's latest account of the Oriya of Midnapore is that in Contai it is skeleton Oriya so Bengalised as to be called a Bengalised dialect of Oriya and that even in Danton and Narayangarh where the speech approaches more closely to the Oriya of Balasore, and is not so Bengalised, it is unintelligible to the true Oriya speakers. These statements seem to point to the steady Bengalisation of the areas adjoining Orissa, a conclusion which the statistics of languages seem to confirm.

11. In 1891 the number of persons speaking Oriya was returned as 572,798. In 1901 it had fallen to 270,495, and in 1911 to 181,801 ; and in 1921 to 142,107. The most notable decrease was in the Ramnagar thana which in 1921 returned only 168 Oriya speakers as against 50,962 in 1911. The Census Superintendent of 1921 thought that probably in many instances the language returned as Oriya in 1901 had since been returned as Bengali, and that the remarkable change in Ramnagar was due to the fact that the people of Ramnagar did not want the area to be transferred to Balasore. " They were afraid of the Oriya agitation, and had petitioned Government on the subject before the Census. Apparently their leaders guessed that in deciding the matter the Government of India would give great weight to the language figures of the Census, and they saw to it that the language in common use which, indeed, bears as close a likeness to Bengali as to Oriya, was returned as Bengali and not as Oriya on this occasion ".

12. The 1931 Census shows a further and large decrease in the number of Oriya speakers. The number of persons who returned Oriya as their mother-tongue was 45,101, and of this total the Danton thana accounted for 23,590. In no other thana was the proportion as much as ten per cent., and in only three thanas did it exceed 5%. 31,815 persons gave Oriya as their subsidiary language and it is noticeable that of this number 21,308 were residents of Mohanpur thana in which only 880 persons, out of a total population of 28,102, returned Oriya as their mother-tongue.

13. The present Census Superintendent thinks that there are three possible reasons for the progressive drop since 1891 in the number of persons speaking Oriya ; namely :—

(1) the language being a mixed dialect can be described as either Bengali or Oriya ;

(2) Bengali is the language of the schools and of the courts ;

(3) fashion or the prejudices of the enumerators. The people or the enumerators may prefer to describe the language as Bengali rather than as Oriya.

His own view, however, is that the language is assimilating itself to Bengali, and that the statistics therefore reflect, though perhaps in an exaggerated form, a real change in the speech of the people. This is also the conclusion to which we ourselves incline. For reasons noted below, in Midnapore many, perhaps most, persons of Oriya descent prefer to be regarded as Bengalis, and therefore might tend to describe as Bengali a dialect which was in fact a compound of Bengali and Oriya. This may account for the peculiar returns for the Mohanpur thana. But it is inevitable that the schools and the law courts and long association with Bengal should affect the speech of the Oriya element and that the mixed dialect described by Dr. Grierson should become progressively Bengalised. Bengali is now not only the dominant language of the district as a whole : in all areas the language of the majority is either Bengali or a dialect which is or is rapidly becoming more Bengali than Oriya.

14. The Census Superintendent supplied at our request tables showing the racial composition of the population. In making the classification the method adopted was to select from the entries of caste those which were clearly Oriya or likely to be Oriya, those referring to aboriginals and those not clearly referring to Bengalis, Beharis or up-country castes, to compile the figures for each of those classes and to assume the remainder to be Bengali-Hindustani. The last class thus includes Muslims and other groups located in Bengal, Behar and the tract of country generally in which Urdu and Hindustani are the languages ordinarily spoken as mother-tongues. In classifying castes of doubtful origin it was assumed that in areas adjoining Orissa the use of the Oriya language even by a small proportion of the caste was good ground for treating it as Oriya ; and in the extreme north-west of the district the Census Superintendent, following the district magistrate, classified certain castes as Oriya despite the absence of any support from the language returns. In his opinion in this part of Midnapore the figures of Oriyas err, if at all, on the side of excess.

15. If by the Oriya race we mean castes which had their origin in Orissa it is possible that this classification under-estimates the Oriya population. The *Kaebartas*, who now style themselves *Mahishyas*, are the largest caste in Midnapore, and Dr. Grierson conjectures that they entered Midnapore from Orissa. " The history of their arrival in the district accounts for the very peculiar character of the dialect of Bengali spoken by them. Originally owning some non-Aryan language, they arrived in Midnapore speaking a corrupt patois of Oriya, and on this, as a basis, they have built the dialect of Bengali which they speak in their present home " (Linguistic Survey of India, Vol. V, Part I, page 106). But we are concerned with existing facts and not with remote racial origins, and for our purpose a caste which now describes itself as Bengali, and speaks Bengali, may legitimately be treated as a Bengali caste. We see no reason, therefore, to differ from the classification adopted by the Census Superintendent which appears to have given the benefit of the doubt to the Oriyas rather than to the Bengalis. And the tables compiled

by him shows that in every thana the Oriyas are in a minority. The largest proportions are in Mohanpur 44·1 per cent., Ramnagar 35 per cent., Dantan 28 per cent., Egra 22·4 per cent., Contai 17·5 per cent. In five other thanas the percentages range between 9·5 and 12·6 ; elsewhere they are negligible.

16. As already stated, the area claimed by the Oriyas comprises the thanas of Kharagpur, Narayangarh, Danton, Mohanpur and Keshiari of the Sadr sub-division and the sub-divisions of Contai and Jhargram, that is, about half the district. And the Oriya witnesses without exception made it clear that they were definitely opposed to the transfer of any smaller area, such as the thanas adjoining Orissa. It is not difficult to understand their attitude on this point. A district is not merely on administrative unit. In all old established districts the outlying tracts are linked with the administrative centres by business or other ties whose disruption is naturally resented by those concerned, and particularly the professional classes. For this reason proposals to abolish districts or even tahsils are always strongly opposed by the local population. Moreover whilst the inclusion of half Midnapore would add very substantially to the area and population of the new province, the inclusion of a few thanas would bring little or no advantage.

17. However this may be, it is certain that an overwhelming majority of the people are against the transfer of all or any of the areas claimed by the Oriyas. On this point the evidence recorded by us leaves no room for doubt. The opposition is not confined to the Bengalis. It was admitted by the Oriya witnesses that the Oriyas were divided on this question, and it is fairly clear that the younger men at any rate desire that Midnapore should remain in Bengal. To some extent, no doubt, this attitude is due to the propaganda carried on by the provincial Congress. The transfer to Orissa of nearly 1½ million Hindus would reduce appreciably the existing Hindu majority in this part of Bengal and is, naturally, therefore, unwelcome to Hindu politicians. But this is not the only influence that has been at work. For various reasons Orissa during the last century has made less progress than Bengal ; in literature, science and politics the Bengali has outdistanced the Oriya ; and in Midnapore at any rate the prestige of Bengal is higher than that of Orissa. The older men of Oriya origin are still attached by ties of sentiment to Orissa. The younger men either wish to be regarded as Bengalis or at any rate prefer that their political future should be bound up with that of Bengal.

18. The Oriya claim thus fails on all counts. By the test of race (as we have defined it) they are in a minority in all areas and except in a few thanas a minority of less than 30 per cent. By the test of language they are still more heavily outnumbered except perhaps in the Mohanpur thana where, however, the utmost that can be claimed is that the majority of the people speak a language which can be regarded as Oriya or Bengali. And in all areas there is an overwhelming majority opposed to the transfer to Orissa of any part of the district.

(4) *Bankura.*

19. The inclusion of any part of Bankura in a separate province of Orissa is clearly impossible, if no part of Midnapore is to be so included. Moreover, the claim to the thanas of Khatra, Raipur and Similiapal cannot be justified on linguistic or racial grounds. There were in 1931 only 170 persons speaking Oriya in the whole district.

(5) *Singhbhum.*

20. The Singhbhum district consists of three distinct parts—

(1) The Kolhan.

(2) Porahat.

(3) Dhalbhum.

Little is known of the early history of the district. It is conjectured that *Jain* traders penetrated into it in the 14th and 15th centuries, and worked the copper mines. There are still, too, traditions of a former civilisation in the south. But for centuries at any rate the country has been occupied by aboriginals amongst whom the *Hos* predominate. The *Hos* are believed to have migrated from Chota Nagpur and to have overcome the Bhuiyas who then held part of the district. They found a hilly fastness in the south, and succesfully maintained their independence against repeated invasions. The *Kolhan*, as the area which they occupy is called, was not finally conquered till 1837. The north of the district came under the rule of the Singh family of Porahat who claim to be " Rathor Rajputs ". Tradition and the existing conditions indicate that the Dhalbhum pargana was first cleared and settled by the Bhumij tribe, closely followed by the *Santals*. In 1767 when the British first came into contact with Singhbhum, Dhalbhum was under the Raja of Dhalbhum (or, as he was then called, the Raja of Ghatsila) ; the family claims Brahmanical descent, but it is fairly certain that the founder of the dynasty was a member of the Bhumij race. (Settlement report of Pargana Dhalbhum 1906-1911, page 3.)

21. Throughout the district the higher Hindu castes are numerically weak. Oriya Goalas appear to have gradually spread at an early date into the south of the Kolhan, and were probably displacing the Bhuiyas and Dhurias about the same time as the Hos were driving them from the north. But in the main the Hindu community in the Kolhan appears to have grown up on a nucleus of settlers, Oriyas or semi-aboriginals speaking the Oriya language, who attached themselves as artisans to the Ho villages. In 1867 there were only 1,597 foreign cultivators in the Kolhan. In Dhalbhum, too, the majority of the lower castes belong to the aboriginal race, but there has been Hindu immigration from the neighbouring districts of Midnapore, Bankura and Manbhum, and many aboriginal headmen have been supplanted by Bengali and Oriya immigrants. In recent years, owing mainly to the establishment and remarkable growth of the Tata Iron and Steel Company, and its associated industries, there has been a large influx of Bengalis, Beharis and immigrants from up country.

22. Dhalbhum was the first part of the district to be brought under British rule. It was administered nominally from Midnapore, but in fact mainly through the hereditary chiefs of the estate. In 1833 as a result of the rebellion of the *Chuars*, and the closely connected rising of the Kols in Ranchi it was exempted from the general laws and regulations, and the administration was vested in an officer styled the Agent to the Governor-General, South-West Frontier. In 1837 the Kolhan after its final conquest was brought under the direct management of the Government, and for that purpose a principal assistant was appointed at Chaibassa. In 1848 his charge was extended by the

transfer of Dhalbhum from Manbhum. In 1854 Chota Nagpur was transferred by an Act of that year to the control of the Lieutenant-Governor of Bengal, and placed under a Commissioner, each district being in charge of a Deputy Commissioner. Porahat which had up till then been a feudatory State, was confiscated in 1858 on account of the rebellion of the Raja, and its revenue administration was made over to the Board of Revenue in 1859. It was incorporated in Bengal by a proclamation of the 5th August 1892, and was included in the Singhbhum district by Act II of 1892. In 1911 Singhbhum with the rest of Chota Nagpur became part of the province of Bihar and Orissa.

23. Singhbhum is one of the backward tracts partially excluded from the reforms. It is represented in the Legislative Council, and Ministers exercise authority over transferred subjects. But the application of legislation is controlled by the Governor in Council, and this power has been exercised in the case of the Local Self-Government (Amending) Act of 1923. In Singhbhum the executive head of the district is still the Chairman of the District Board. In all parts of the district the Deputy Commissioner has extended criminal powers, and the Chota Nagpur Tenancy Act makes certain parts of the ' record of rights ' conclusive and vests in him and his subordinates the jurisdiction of a large class of agrarian causes of action. In the Kolhan which is a government estate, the Civil Procedure Code is not in force, and the efforts of the administration have been directed to maintaining the *Hos* in possession of their lands and preserving the village communal system. The settlement of 1877 revealed a large increase in the number of *Dikku* (non-Ho) cultivators and in 1903 special rules were introduced which restricted the transfer of land and provided for the ejection of undesirable *Dikkus*. These rules were mainly directed against the money-lenders, the hide-dealers and the Goalas. As a result the unauthorised transfer of land has been practically stopped and the Ho community is remarkably free from debt. There are no regular police in the Kolhan, where police work is carried out by the *Mankis* (divisional headmen) and *Mundas* (village headmen).

24. The census report of 1921 and the earlier reports did not tabulate all the castes and tribes, nor did they classify the castes and tribes by race. The Census Superintendent in charge of the 1931 census, however, has furnished tables and a map showing in great detail the present distribution and strength of the races in the district. The method adopted by him in classifying the castes is explained in the following quotation from his note. " The original intention was to obtain a return of race in the census schedules themselves: The attempt, however, was a failure, and it was accordingly decided to ignore altogether the entries of race in the schedules, and to rely instead on an analysis of the caste and language returns. In the first place there is a number of distinctively Oriya castes, any member of which may be assumed with more or less certainty to be an Oriya by race. The following castes, amongst others, fall within this category: *Bhandari*, *Chasa*, *Karan*, and *Khandait*. The majority, however, of Hindu castes found in Singhbhum are not distinctive. In all such cases a careful examination was made for each local unit separately into the language spoken by the members of each caste. If it was found, for example, that in unit D 90 per cent. of the *Kewats* spoke Oriya as their mother-tongue, all the *Kewats* in that particular locality were treated as Oriyas by race. If, however, the number of Oriya-speaking *Kewats* in any given unit

was negligible, they were all treated in that particular locality as definitely non-Oriya by race. Where the number of Oriya-speaking *Kewats* was appreciable but not overwhelmingly preponderant, all the *Kewats* in that locality were treated as "doubtfuls". The Oriyas and the "doubtfuls" were first determined by the above method after examining the statistics for each caste in each locality by turn; then the "others" were extracted. These comprised all persons speaking as mother tongue some language other than Hindustani, Bengali, Oriya or a tribal language; and all primitive tribes irrespective of the language spoken by them. It is recognised that some of these tribes are on the border line having been Hinduised to such an extent that they have lost many of their tribal characteristics. This process has gone so far in the case of the *Bauris, Ghasis,* and *Pans* (which are undoubtedly primitive by origin) that it was decided to exclude them from the list of primitive tribes for the present purposes and to classify them as "doubtful" by race. There are many others included in the primitive list, which have been freely claimed as "Oriyas" or "Biharis" by the rival parties, and in certain cases these claims derive some measure of support from the language criterion. For instance, there are certain localities in Singhbhum in which practically all the Bhuiyas speak Oriya as their mother tongue; but it was felt that in the interests of these aboriginal and semi-aboriginal people themselves, it was proper to distinguish them entirely from the Aryan races on both sides. Having thus determined the "Oriyas," the "doubtfuls" and "the others" the residue of the population was treated as "Bihari-Bengali" by race. It was found to be quite impossible to make any distinction on the racial map between Biharis and Bengalis. Again, it may be argued that as a result of the method followed, Hindustani-speaking immigrants from the United Provinces, the Central Provinces and other parts of India were treated as Biharis. This is so, but it could not be avoided, and the number of such persons is probably not considerable.

25. As might be expected, the Census Superintendent's classification has been freely criticised by some of the witnesses who gave evidence before us. Besides castes included in the list of primitives, large sections of the "doubtfuls" have been claimed as Oriya or Bengali or Bihari. But for our purposes the method adopted is as good as could be devised. A classification on strictly ethnological lines, that is, by the anatomical characters, would shed no light on the issue with which we are concerned. In the ethnological sense there is no Bengali, Bihari or Oriya race. The people who so call themselves are racially mixed (as are all peoples) and the proportions of the racial strains are not the same in all localities or in all sections. Again, an attempt to trace the history and origin of each of the castes in dispute would be a hopeless task leading to no certain results. There can be no reasonable doubt that all the castes in the list of primitives are aboriginal by descent and in the case of castes which are not distinctive there is no other test that can be applied save that of language. Moreover, the "doubtfuls" form only a small percentage of the total population, and the broad results would not be affected even if the majority of them were assigned to one or other community.

26. The outstanding facts of the racial map are—

(1) The predominance of the tribal races. The Hos, Santals, Bhuiyas, Mundas, Bhumijs and Oraons, all undoubtedly aboriginal tribes, account for 542,453 out of a total population of 929,802, and primitive tribes and others (the number of the latter is inconsiderable) include 587,930 persons. This predominance is most marked in the Sadr sub-division (the Kolhan and Porahat), but is substantial in Dhalbhum also. The figures for each sub-division are as follows :—

Sadr sub-division—	
Primitives and others	381,129
Oriya, Bihari, Bengali and "doubtfuls"	154,078
Dhalbhum—	
Primitives and others	206,801
Oriya, Bihari *cum* Bengali and "doubtfuls".	187,794

It should be noted, moreover, that the "doubtfuls" include, as already mentioned, Bauris, Ghasis and Pans who are undoubtedly primitives by origin.

(2) In regard to the Oriya and the Bengali *cum* Bihari elements, there is a clear cut division between the Sadr and the Dhalbhum sub-divisions of the district—

(*a*) In the Sadr sub-division (where the Bengalis are negligible) the Oriyas greatly outnumber the Biharis. The figures are as follows :—

Oriyas	89,631
Bihari *cum* Bengali	16,997
"Doubtfuls"	47,450

The Oriya preponderance is marked not only in the sub-division as a whole, but in each one of the local units with the exception of the extreme north-west corner of the district and the municipal areas of Chakradharpur and Chaibassa ;

(*b*) conversely, in the Dhalbhum pargana (where the number of Biharis outside Jamshedpur is very small) the Bengalis are in a large majority over the Oriyas. The figures are—

Oriya	13,223
Bihari *cum* Bengali	89,041
"Doubtfuls"	85,530

Here again the Bihari *cum* Bengali element preponderates in each local unit except a part of the Ghatsila thana.

It will be seen that if most of the "doubtfuls" were assigned, in Singhbhum to the Biharis *cum* Bengalis, and in Dhalbhum to the Oriyas, the Oriyas would still have a substantial majority in Singhbhum, and the Biharis *cum* Bengalis in Dhalbhum.

27. The earlier census reports gave statistics of the languages spoken only for the district as a whole. In *1911* the number of Oriya speakers was 124,593, that of Bengali speakers was 108,584, and that of persons speaking Hindi or Urdu 34,323. In *1921* the corresponding figures were 140,821 ; 123,007 and 57,421.

For 1931 the Census Superintendent has supplied tables and a map showing the mother-tongue and subsidiary language of the inhabitants of each of the 21 local units into which he has divided the district. As in the case of the racial tables, his figures have been challenged by the Oriyas. He states, however, that as the result of a careful enquiry conducted by them, he and the District Magistrate are satisfied that the charges of bias, improper influence, and tampering with records brought against the local census officers were without foundation. In cases of doubt, indeed, the entry made by a Bengali enumerator might not be the one which would have been made by an Oriya enumerator. In Baharagora, to which most of the complaints related, the language is a mixture of Oriya and Bengali and the enumerator would naturally enter it according to his prejudices. The Census Superintendent thinks that in the Dhalbhum area where most of the Bengali enumerators were employed the benefit of the doubt was more often derived by the Bengalis than by the Oriyas, and he points out that in the police stations of Baharagora and Kalikapur there was in 1931, despite an increase in the total population, a decline in the number of Oriya speakers, as compared with the figures for 1921, from 14,550 to 10,744 and from 8,924 to 5,666 respectively. On the other hand, Mr. Scott who was Deputy Commissioner in 1921 states that after the census of 1921 he made an investigation in Baharagora, and found that many families, who did not speak Oriya in their houses, and did not call themselves Oriya, had been recorded as Oriya because they could speak Oriya. The census returns for 1931 are the only evidence on which any conclusions as regards language can be based and we think that there is no valid reason for doubting their substantial accuracy.

28. The language statistics of the district exhibit much the same features as the tables of race. For the district as a whole tribal languages have a clear preponderance. The total number of persons speaking these languages is 508,140. But whereas in the Sadr sub-division the figure is 367,130 as against a total for Oriya, and Bengali and Hindustani of 165,082, in the Dhalbhum sub-division the speakers of the latter languages number 235,369 as against 141,010 persons who speak tribal languages. In Dhalbhum, which includes the Jamshedpur industrial area, Hindu immigration and influence have been much greater than in the Sadr sub-division. As between Oriya and Bengali there is again the same clear difference in local distribution as we have noted in the case of race. In the Sadr sub-division Oriya is the mother-tongue of 127,247 persons, and Hindustani and Bengali of 37,835. In Dhalbhum the corresponding figures are 44,640 and 190,729. And the preponderance of Oriya speakers in the former and of Hindustani and Bengali speakers in the latter area is marked in all except a few units.

In Dhalbhum Hindustani and Bengali are the subsidiary languages of 107,439 persons and Oriya of only 10,669. In the Sadr sub-division the figures are respectively 23,148 and 11,448 a result doubtless due to the fact that Hindi is the language of the schools and courts.

29. An attempt has been made to minimise the importance of the Hindustani and Bengali elements on the ground that the population of Jamshedpur, where they are strong, is a " floating " population. It is true that the exclusion of this area would appreciably reduce the Bengali and Hindustani proportion in Dhalbhum, though both by race and language it would still greatly exceed the Oriya percentage. But we are not prepared to accept the suggestion that the population of Jamshedpur is lacking in permanence. Doubtless, there are amongst the employees of the various industries some who do not intend to make it their permanent home ; but these industries are now well established, large numbers of the factory hands have built or acquired houses, and the proportion of temporary residents is probably no greater than in most other industrial centres.

30. Some complaints were made by Oriya witnesses regarding the lack of educational facilities for the Oriya community; and received support from Mr. Dippie the Educational Inspector who, as a result of a tour through part of the district, believes that much more could and should be done for the teaching of Oriya in the schools. On the other hand, Mr. Ward the Deputy Commissioner and Chairman of the District Board states that the Board which contains 8 Oriyas out of 18 elected members is not unsympathetic to the Oriyas, but that no concrete proposals for the opening of Oriya schools have been put forward ; a fact which he attributes to the lack of any real demand. It is clear that facilities for instruction in Oriya are at present lacking. And if Oriya were made the language of the courts, as it doubtless would be if Singhbhum were included in a separate province of Orissa, there would soon be a large and increasing demand for Oriya teachers and schools. Hindi and Bengali, however, are now the court languages and this, more than any hostility of the Board, seems to be the probable explanation of the small number of Oriya schools. But in view of the other facts elicited by our enquiry, the point is not one on which we need express any definite opinion.

31. As regards the attitude of the people, the evidence as in the case of Midnapore leaves no room for doubt. The Hos who in the Sadr sub-division greatly outnumber the rest of the population, are to a man opposed to the Oriya claim. This has been clearly proved not only by the evidence of their leading *Mankis*, and of Mr. Ward the present and Mr. Scott and Mr. Dain former Deputy Commissioners of the district, but by the demonstrations which we witnessed at Chaibassa. The road to Chaibassa for many miles was lined with thousands of Hos, who had assembled to protest against the inclusion of the Kolhan in an Orissa province. The hostility of the Hos was admitted by the Oriya witnesses, but was attributed to Bengali propaganda. Doubtless there has been propaganda—not all on one side—but there is no sufficient reason for regarding it as the sole or the main cause of the attitude of the Hos. The Hos are closely connected by ties of race and language with the other primitive tribes, the Mundas, Oraons, Santals and Bhumij, who inhabit the Chota Nagpur plateau. In the days before the advent of the British they successfully defended themselves against all intruders by force of arms. But they cannot compete with the subtler minds of the Aryan races who have slowly penetrated the Chota Nagpur country, and for that reason as already mentioned, the administration has been directed towards protecting them from the worst effects of exploitation by the outsiders whom they designate *Dikkus*. It may well

be that they instinctively feel that their powers of resistance will be weakened, and that their interests will suffer, if they are detached from their kinsmen in the north of the plateau.

Opinion amongst the other tribes, Santal, Oraons and Bhuiyas was not so clearly defined, but in so far as it exists, it is not favourable to the Oriya claim. The Hindustani and Bengali population are as hostile as the Hos ; so, too, is the Raja of Dhalbhum. The inclusion of Singhbhum in a separate province of Orissa finds, in short, no support save from the Oriya community.

32. Singhbhum is separated from the Orissa districts by a wide belt of Feudatory States territory. Balasore can be reached by a road passing through this territory, and Cuttack by a road leading to Jajpur railway station, and thence by rail ; but there is no continuous railway communication with Balasore, Cuttack or Puri, save by a long and circuitous route through Kharagpur or Calcutta. The railways passing through Singhbhum run east and west or north, and its trade routes run east and north.

33. We have now stated the main facts regarding Singhbhum which our enquiry has elicited. The conclusion to which they point is clear, namely, that there is no case for including the Singhbhum district in a new province of Orissa. Linguistically and ethnically the Oriyas are a small minority of the population. Their claim is opposed by all other sections. The separation of Singhbhum from the rest of Chota Nagpur would not probably be in the interests of the primitive races to which the majority of the people belong. And whilst Singhbhum could be administered from Cuttack, its geographical position and lines of communication favour its retention in Chota Nagpur.

(6) *Manbhum.*

34. Little need be said regarding the portions of Manbhum which are claimed by the Oriyas. There are in the whole district only 1,563 persons who speak Oriya as their mother-tongue, and 102 whose subsidiary language is Oriya. In the racial table compiled from the schedules of the 1931 Census the figures are—

Biharis and Bengalis	878,599
Primitive tribes and others	526,147
Doubtful races	406,147

There are thus no castes which can be confidently described as Oriya. And it is obvious that if Singhbhum is not included, no part of Manbhum can be.

(7) *Ranchi.*

35. The momorandum of the Utkal Union Committee states that the proposal to include Ranchi is not based " on the grounds of linguistic or ethnic affinity but on administrative convenience ". Ranchi, it is argued, is more closely connected with Singhbhum than with Palamau and Hazaribagh, and has " a number of buildings suitable for the provincial headquarters whereas Cuttack has got no such buildings at present ". The first of these arguments we must reject in view of our recommendation regarding Singhbhum ; indeed, if that is accepted it is clear that Ranchi cannot in view of its geographical position be included ; and we are unable to admit that Orissa has as good a claim to

the buildings at Ranchi as Bihar which contributed by far the greater part of the cost of their construction. Nor can we ignore the factors of race and language. The bulk of the population consists of primitive tribes, but there are now 307,020 persons who are classed as Bihari or Bengali, and there are 703,682 persons who speak Bihari or Bengali out of a total population of 1,567,149; in both cases the Bengali element is very small. There are no castes which can be definitely classed as Oriya by race, and the Oriya speakers number only 7,891. Ethnically and linguistically, therefore, Ranchi is a district whose affinities are with Bihar rather than with Orissa.

Chota Nagpur.

36. There is little that can be urged in support of the suggestion that the whole of Chota Nagpur should be attached to Orissa. Its inclusion would of course add greatly to the area and population of the new province; but it would bring no financial gain, since Chota Nagpur is a deficit area. The deficit is at present substantial, owing to the drop in the revenue from excise, which the fall in prices and the ensuing depression has entailed; but even before 1929 revenue did not quite cover expenditure. By race and language the plateau is linked with Bihar and not with Orissa. The latest figures are—

Race.

	Oriya.	Bihari and Bengali.	Primitive tribes and all others.	Doubtful races.
Palamau		433,808	289,137	95,791
Hazaribagh		904,750	384,545	228,062
Ranchi		307,020	1,043,682	216,447
Manbhum		878,599	526,147	406,144
Singbhum	102,854	106,038	587,930	132,980

Language.

	Oriya.	Hindustani and Bengali.	Other languages.
Palamau	33	747,828	70,875
Hazaribagh	317	1,383,909	133,131
Ranchi	7,891	703,682	855,576
Manbhum	1,563	1,544,379	269,948
Singhbhum	171,887	228,564	529,351

The number of persons who are Oriya by race or speak Oriya is insignificant save in Singhbhum. A large majority of the population now speak Hindustani or Bengali, and whilst the primitive races undoubtedly predominate, there are now over 2½ million persons who are classed as Biharis or Bengalis. It is certain that the Biharis and Bengalis would be united in their opposition to inclusion in a province of Orissa; and there can be little doubt that they could be supported by the Munda tribes who have so largely adopted the Hindustani or Bnegali languages. It may be added that as between the Biharis and Bengalis,

the former is the larger element in the population: there are few Bengalis in Palamau, Hazaribagh and Ranchi. Further Chota Nagpur adjoins Bihar, and is separated from Orissa by a wide stretch of territory which is not part of British India. It is still, too, largely undeveloped, and the money which it needs can be found more easily by Bihar than by Orissa. Thus race, language, economic interest and geographical position favour its attachment to Bihar.

CENTRAL PROVINCES.

(*a*) *Raipur areas.*

37. The zamindaris of Khariar, Phuljhar, and Bindra-Nawagarh were three of the eighteen Garhjat chieftainships, known as the Athara Garh, and held in subordination first to the Maharaja of Patna, and later to the Raja of Sambalpur. In the 16th century they were tributaries of the Haihayavansi Kings of Chhattisgarh, who ruled from Ratanpur. Chhattisgarh and Sambalpur were invaded in 1740 by the Mahrattas, who ousted the native rulers. Sambalpur, including the Phuljhar zamindari was ceded to the British by the Treaty of 1803 but was restored by them to Raghuji Bhonsla. It was not finally surrendered by the Mahrattas till 1826, and the British did not assume direct control till 1849. From 1849 to 1860 it was administered as part of the South Western Frontier Agency; was then transferred to the Orissa division of Bengal; and in 1862 was made over to the newly constituted Central Provinces. Chhattisgarh was under Maharatta rule till 1818; under a British Protectorate from 1818 till 1830; again under native rule till 1854, when the Nagpur province lapsed to the British Government. In 1905 when Sambalpur was transferred to Bengal, the Phuljhar zamindari was added to the district of Raipur, one of the three districts (the other two being Bilaspur and Drug) which had been carved out of the old Chhattisgarh province. All three zamindaris, but more particularly Khariar and Phuljhar are thus frontier tracts, lying between the Oriya and Hindi lands, and they show in language and race the influence of both.

(*a*) *Khariar.*

38. The Khariar zamindari is situated between Bindra-Nawagarh on the west and the Patna State on the east, and has an area of 1,489 square miles.

In 1911 the number of Oriya speakers in the whole of Raipur was 180,713; the report does not indicate how many of these were in the Khariar zamindari. In 1921 the number of persons speaking Oriya in Khariar was 99,399. From the 1931 Census the Census Superintendent has supplied tables and maps showing the languages and the racial composition of the population. The important figures are—

Mother-tongue.

Population.	Persons who returned mother-tongue as Oriya.	Percentage of Oriya speaking persons.	Persons who returned mother-tongue as Hindi.	Percentage of Hindi speaking persons.
160,892	117,568	73	38,232	24

Race.

Population.	Oriyas by race.	Percentage of Oriyas by race.	Hindi speakers by race.	Percentage of Hindi speakers by race.	Doubtful castes with Oriya mother-tongue.	Tribesmen and others who are nor Oriya by race nor Hindi speakers.
160,892	71,857	45	21,497	13	50,060	17,478

As regards race the method of classification adopted is thus described by the Census Superintendent, "Among Oriyas by race have been included all those belonging to thirty castes of undoubted Oriya nationality whatever the mother-tongue returned, as well as those returning their mother-tongue as Oriya who also returned as their caste the Hindi equivalent of the thirty Oriya castes. Among those regarding whom there is doubt whether they are really Oriya or Hindi speakers by race have been included all belonging to castes entirely different to the thirty mentioned above and generally accepted in the Central Provinces as definitely Hindi castes who returned their mother-tongue as Oriya. It may be mentioned here that many non-Oriya races have assimilated Oriya as their mother-tongue. For instance, there are in the Central Provinces about 48,000 Gonds who have made this return. Those shown in the map as neither Hindi speakers nor Oriya by race are mostly tribesmen".

39. Khariar is an extremely backward area. There are very few educated persons and on the question with which we are concerned the general public has no opinion. The zamindar in his evidence before us said "some of the people say they want to go to Orissa, and some don't"; and left us in doubt as to what his own attitude was. On the following day, however, he sent a letter in which he stated that he himself was an Oriya, that the people "linguistically, socially and culturally were connected with Sambalpur and anxious to be included in the proposed new Orissa Province". The only other witnesses who appeared were a pleader and an Assistant Medical Officer both Oriyas, who supported the Oriya claim; and two Malguzars and two cultivators who were equally divided on the matter.

40. We must therefore be guided by other tests. We may leave aside the historical connections of the zamindari: they are too remote and ambiguous. By language and race, however, Khariar is a predominantly Oriya area. Nearly three-quarters of the people speak Oriya. Racially, the Oriya predominance is less marked, but nearly one-half of the population is undoubtedly Oriya; and unless all the doubtful castes are treated as Hindi, the Oriya population exceeds the combined totals of the other races.

41. Raipur is the principal market for the produce of Khariar, and the main road is that between Raipur and Kalahandi. The Raipur-Vizianagram Railway recently opened traverses the northern corner of Khariar, and will doubtless strengthen its trade connections with Raipur. Economically therefore Khariar is more closely linked with Raipur than with Sambalpur. This, however, is not a consideration to which we are disposed to attach much weight.

Since there are no customs barriers between the provinces, the course of trade is not affected by provincial boundaries, and that of Khariar will not suffer if Khariar is detached from the Raipur district.

42. Only the northern part of Khariar adjoins the Sambalpur district ; elsewhere its eastern boundary is the Patna State. From the southern end of the zamindari the route to Bargarh, the nearest sub-divisional headquarters in Sambalpur is the road from Khariar through Titlagarh in Patna State. From Titlagarh to Bargarh there is a lorry service, and the section between Titlagarh and Khariar is said to be motorable during 8 months in the year. The northern end of Khariar is connected with Bargarh by an unmetalled road and Bargarh can be reached by rail from Khariar Road Station to Titlagarh, and thence by motor car or lorry. The lie of the country therefore and its communications are not very convenient for administration from Sambalpur. On the other hand Khariar town is no less than 83 miles from Mahasamund, its present tahsil headquarters, and 116 miles from the town of Raipur. On the whole, we think that if Khariar is transferred to Sambalpur, any administrative inconvenience will be fully met by the establishment of a tahsil at some place in the zamindari.

43. The case of Khariar is thus more difficult than that of any of the other areas, which we have so far discussed. The question whether it should be included or not, turns entirely on the weight assigned to language and race. There is no popular opinion for or against, and no serious administrative obstacles to, its transfer to a separate province of Orissa. In our opinion the balance of argument is in favour of accepting the Oriya claim. We think that if a separate province of Orissa is created, it would be difficult to justify the exclusion from it of an area which racially and linguistically is predominantly Oriya. And its inclusion is in accordance with the test on which the Statutory Commission laid stress, namely, the greatest measure of agreement between the area losing and the area gaining territory. The exclusion of Khariar would certainly be resented by the Oriyas, whilst there is no reason to fear that its inclusion will offend the people of the Central Provinces.

(*b*) *Phuljhar.*

44. The Phuljhar zamindari is a hilly tract, comprising an area of 842 square miles, situated in the extreme east of the Raipur district between the Feudatory State of Sarangarh in the north and the Sambalpur district.

45. In 1921 there were 72,242 persons who spoke Oriya.

For 1931 the statistics of language and race are as follows:—

Mother-tongue.

Population.	Persons who returned mother-tongue as Oriya.	Percentage of Oriya speaking persons.	Persons who returned mother-tongue as Hindi.	Percentage of Hindi speaking persons.	Persons returning other languages.
165,353	72,692	44	88,030	53	3,025

Race.

Population.	Oriyas by race.	Percentage of Oriyas by race.	Population of Hindi speakers by race.	Percentage of Hindi speakers by race.	Doubtful castes with Oriya as mother-tongue.	Percentage of doubtful castes.
165,353	45,878	28	45,107	27	36,427	22

It will be seen that in this zamindari the Oriyas cannot claim a majority either by race or by language. It is true that the castes undoubtedly Oriya contain a few hundred more persons than those which are clearly Hindi. But as the castes classed as doubtful include castes generally recognized in the Central Provinces as definitely Hindi castes, it is probable that the Hindi speakers by race outnumber the population which is Oriya by race. As regards language some of the Oriya witnesses contended that the dialect known as Laria is really a corrupt form of Oriya. For this contention there is no evidence whatever. All the authorities are agreed that Laria is merely the name applied by the Oriyas to the Chhattisgarh dialect of Eastern Hindi.

46. The zamindar of Phuljhar, a Raj Gond by origin, is against the inclusion of Phuljhar in a province of Orissa, and alleged that the people wished to remain in the Central Provinces with which by communications and trade the zamindari was more closely connected. A Muhammadan Malguzar and a cultivator gave evidence to the same effect. The Oriyas produced some fifteen witnesses who supported their claim, but with two exceptions all these witnesses were Oriyas. It was quite clear to us that, on the question before us, there is no public opinion in Phuljhar. Save for a few individuals, the population is ignorant and indifferent.

47. According to the settlement report Raipur is the market for most of the produce of Phuljhar. But it appears that there is also some trade, chiefly in *bidis* with Bargarh, and communications with Bargarh are as good—indeed in the rains better—than with Raipur. Phuljhar can be administered equally well from Raipur and Sambalpur, and its trade will neither suffer nor gain by its transfer to the latter.

48. We are unable to recommend the inclusion of the Phuljhar zamindari. By none of the tests, which we have recognised as relevant, could this be justified. Phuljhar is not either linguistically or ethnically a predominantly Oriya tract; the demand for union with Orissa has not come from its people; and there are no administrative or economic reasons for detaching it from the Central Provinces.

(c) *Bindra-Nawagarh.*

49. In the memorandum presented to us by the local Oriya association at Sambalpur (as also in the discussions that took place in earlier years) no mention was made of the Bindra-Nawagarh zamindari. On the day after the receipt of this memorandum, however, a supplementary note was sent to us in which the Bindra-Nawagarh zamindari was claimed as an Oriya tract. It appears that in the interval the association had heard that according to the census of 1931 a substantial proportion of the inhabitants speak Oriya. The Census Superintendent has given the followong explanation of this return: "In 1921 the Deputy Commissioner of Raipur stated that there was a sprinkling of Oriya people in the south-east corner of the Bindra-Nawagarh zamindari, and that they merited no enquiry. In the recent census, however, no less than 42% of the inhabitants returned Oriya as their mother-tongue. I know Bindra-Nawagarh well and was most surprised at the statistics. The Deputy Commissioner of Raipur has reported that the people of the zamindari have only a smattering of Oriya and really speak a patois which has in it more Laria

(Chhattisgarhi) than Oriya. When questioned, however, they would say that they speak Oriya." Even, however, if it be assumed that the return is accurate, the Oriya speakers are in a minority ; 50% of the people speak Hindi and by race only 26% are Oriya. Not a single witness from Bindra-Nawagarh was produced in support of the belated claim for the inclusion of this tract which we have no hesitation in rejecting.

(9) *Bilaspur Areas.*

50. The areas claimed in this district are small and can be dealt with briefly.

(*e*) *Padampur.**

51. The Padampur tract consists of 61 villages of which 54 belong to and 7 lie outside the Chandrapur-Padampur State. It adjoins the Bargarh subdivision of Sambalpur, and is separated from the Chandrapur group of villages by a stretch of Feudatory State territory. Eighty-eight per cent. of the population speak Oriya, and 63 per cent. are definitely Oriya by race. The Settlement Officer, made, shortly before our arrival, a careful enquiry with a view to ascertaining the opinion of the Gaontias (headmen) and tenants. Of the 57 inhabited villages, 37 are in favour of the tract being added to Sambalpur, while 18 villages were against its transfer. The Settlement Officer states that the tract is secluded, and its supervision from Bilaspur difficult ; and that in all essentials " Language, manners, customs, soils and methods of cultivation the country is Oriya ". The Central Provinces Government have intimated that if the Chandrapur-Padampur estate is held to be partible they do not object to its transfer. It has been held to be partible by the Judicial Commissioner but it is possible that an appeal may be preferred against the decision to the Privy Council. Even, however, if the decree is reversed, there appears to us on the facts above stated, to be a clear case for the inclusion of this tract.

(*b*) *Chandrapur.*

52. Statistics for the Chandrapur estate alone have not been supplied but since in the whole Chandrapur-Padampur tract the percentage of Oriya speakers is only 24 and that of persons who are Oriya by race only 21, it is clear that in Chandrapur alone the Oriyas are only a very small minority. The Oriyas produced a few witnesses who stated that the people wished to go to Orissa, but the Settlement Officer states, and we have no doubt correctly, that the *Gaontias* and tenants are against transfer to Sambalpur. Moreover, Chandrapur is separated from Sambalpur by a belt of Feudatory State territory. We cannot recommend the inclusion of this area.

(*c*) *Malkhorda.*

53. For the Malkorda villages no statistics are available since it was not known that any claim to them would be advanced by the Oriyas. The Settlement Officer states, however, that it is a purely Chhattisgarhi tract, and that the people are opposed to its transfer from Bilaspur. And not a single witness in support of their claim was examined by the Oriyas. This area, too, clearly cannot be included.

* This tract includes 7 of the 9 Jogni villages claimed by the Oriyas. The other two are in Chandrapur.

(10) *Ganjam.*

54. It is believed that the Lion dynasty, which from about A. D. 473 ruled Orissa for more than six centuries, extended its sway over the neighbouring tract of Ganjam. This dynasty was overthrown in the 12th century by Chonanga Deo, the founder of the Gajapati line of kings. The domains of the Gajapati Kings certainly extended beyond the river Kistna and their power was at its height in the 13th, 14th and 15th centuries. The wild nature of the country in Ganjam, however, rendered their administration merely nominal and it is probably for this reason that they established their servants as Lords of the Marches to keep in check the aboriginal tribes of Khonds and Savaras, who as late as the 18th century still occupied portions of the plains. Some of the present zemindars claim descent from the Gajapati kings, and the gazetteer of the district, written in the seventies of the last century, states that the Rajas " even at present still acknowledge the Raja of Jagannath or Puri as their chief ". Most of the zemindaris are still held by Oriya families.

55. In 1560 the last of the independent kings of Orissa was defeated and slain by the Muhammadans, and from about 1571 Ganjam which formed part of the Chicacole Circar was controlled by them from Hyderabad. In 1753 it was assigned by the Subedar of the Deccan to the French, but in 1762 the northern Circars including Chicacole were given by the Mughal Emperor to the British as an *Inam* and were finally secured to them in 1766 by a treaty concluded with Nizam Ali. The Chicacole Circar had under Muhammadan rule been divided into three divisions, Ichapur, Chicacole and Kasimkota and the two latter were at first administered as part of the Vizagapatam district. It was not till 1802 that Chicacole was incorporated in Ganjam.

56. For many years after its cession to the British conditions in Ganjam were very disturbed, and after the Ghumsur war it was considered necessary for the prevention of further outbreaks that the administration of Civil and Criminal justice in certain tracts should be removed from the ordinary courts and placed under the Collector as Agent to the Governor. This was the origin of the Agency system now in force in the *maliahs* or hilly areas inhabited by the Khonds and Savaras. The Agency tracts are administered by the Collector and his assistants who have large criminal and civil powers. They are not wholly excluded from the reforms, since they are included in the provincial constituencies, but all subjects are reserved, and the reserved half of the Government has full discretion in applying or refusing to apply provincial enactments.

57. Since the Ganjam plains are a border tract lying between Orissa and the Telugu lands to the south, it is probable that the population has from early times been mixed. It is hardly likely that, as some Oriya witnesses have contended, there were, when Ganjam was ceded to the British, no Telugus north of Chicacole. But, however that may be, we are concerned here as elsewhere with existing facts, and as far back as the seventies of the nineteenth century there were Telugu colonies all along the sea coast.

58. According to the 1901 Census the proportion per 1,000 who belonged respectively to Oriya and Telegu castes were :—

Oriya	473
Telugu castes	466

In 1891 the classification of castes was on lines that make it difficult to extract comparable figures for that year, and the census reports of 1911 and 1921 show only certain main castes.

59. For language, however, full information is available. The figures for 1891, 1901, 1911 and 1921 are as follows :—

		Oriya.	Telugu.	Primitive and other languages.
1891	Plains	797,132	722,287	70,058
	Agency	80,994	3,366	222,966
1901	Plains	1,274,975	342,910	71,257
	Agency	87,682	5,864	227,568
1911	Plains	958,661	839,449	72,716
	Agency	132,392	6,000	212,074
1921	Plains	931,790	834,785	68,987

The remarkable feature in the returns is the large increase in the number of Oriya speakers in 1901, and the subsequent drop in 1911. The Census Superintendent for the 1911 census observed that the proportional variation was so remarkable " as to suggest either careless enumeration at one census or the other ; or else a possibility of deliberate misrepresentation by Telugu or Oriya enumerators not misinfluenced by the controversies which prevailed some four or five years back between the Telugus and the Oriyas of the district. The probability that the error lies in the earlier enumeration is strengthened by an examination of the proportion of the district's Hindu population contributed by Telugu and Oriya castes, respectively. It is improbable that in 1901 when the Telugu castes were well nigh as strongly represented in Ganjam as the Oriya, the disparity as to language should be so great ". He noted that the argument was not conclusive because in 1911 details were given only for 10 castes in Ganjam as against 75 in 1901. It is, however, on the face of it, improbable that, as the Oriya witnesses have contended, of all the enumerations from 1891 that of 1901 alone was correct.

60. We are indebted to the present Census Superintendent for a set of admirable maps and tables showing in minute detail the present distribution of races and languages. The tables are reproduced below, but should be read with the maps in Appendix 5 (Volume II).

RACE.

Taluk or Section.	Population.	Oriya.	Telugu.	Neither.	Doubtful.
Ganjam Plains.					
1. Ghumsur	180,615	143,139	8,466	12,924	16,086
2. Bodogodo (Surada II) ..	23,877	20,419	567	2,820	71
3. Kodala	207,228	171,075	15,032	4,432	16,689
4. Aska (less Sanokimedi) ..	151,501	116,226	14,093	3,972	17,210
Sanokimedi	58,769	45,718	6,887	3,220	2,944
Total ..	210,270	161,944	20,980	7,192	20,154

RACE.—*contd.*

Taluk or Section.	Population.	Oriya.	Telugu.	Neither.	Doubtful.
Ganjam Plains—contd.					
5. Chatrapur A.	159,024	128,651	21,726	232	8,415
„ B.	28,141	10,886	16,870	181	204
Total ..	187,165	139,537	38,596	413	8,619
6. Bodokimedi	64,220	45,552	9,678	5,346	3,644
7. Berhampur (less Bodokimedi) A.	146,124	95,596	35,707	6,451	8,370
„ „ B.	95,565	23,104	67,097	452	4,912
Total ..	241,689	118,700	102,804	6,903	13,282
8. Ichapur	80,300	50,947	23,182	4,543	1,628
9. Sompet A.	20,707	13,195	3,567	3,393	552
„ B.	99,928	18,140	72,324	2,503	6,961
Total ..	120,635	31,335	75,891	5,896	7,513
10. Tekkali	152,236	19,074	102,737	5,769	24,656
11. Parlakimedi	293,319	67,522	156,859	53,518	15,420
12. Chicacole	291,827	16,442	236,185	1,593	37,607
Ganjam Agency.					
1. G. Udayagiri	85,188	32,687	170	51,828	503
2. Pondakhol (Surada I)	2,837	1,613	22	1,201	1
Balliguda	108,955	36,802	829	70,662	662
Total ..	111,792	38,415	851	71,863	663
3. Ramagiri A.*	35,698	14,604	55	21,035	4
„ B.*	55,879	13,937	201	41,733	8
Total ..	91,577	28,541	256	62,768	12
4. Parlakimedi Maliahs	69,681	15,620	1,276	52,754	31

MOTHER TONGUE—*contd.*

Taluk or Section.	Population.	No. returning as their mother-tongue		
		Oriya.	Telugu.	Other languages.
Ganjam Plains.				
1. Ghumsur	180,615	165,058	5,156	10,401
2. Bodogodo (Surada II)	23,877	22,037	244	1,596
3. Kodala	207,228	194,047	11,031	2,150
4. Aska (less Sanokimedi)	151,501	139,782	8,560	3,159
4. Sanokimedi	58,769	51,110	6,059	1,600
Total	210,270	190,892	14,619	4,759

*The figures marked * are given only to facilitate comparison with those for mother-tongue for the same areas. In the map, however, only a taluk rectangle for Ramagiri has been shown, as sectional rectangles would have no apparent relation to the lines.

MOTHER-TONGUE—*contd.*

Taluk or Section.	Population.	No. returning as their mother-tongue		
		Oriya.	Telugu.	Other languages.
Ganjam Plains—contd.				
5. Chatrapur (A.)	159,024	138,784	20,010	230
,, (B.)	28,141	11,463	16,573	105
Total ..	187,165	150,247	36,583	335
6. Bodokimedi	64,220	50,425	12,248	1,547
7. Berhampur (less Bodokimedi) A.	146,124	103,386	36,008	6,730
,, ,, B.	95,565	25,924	69,545	96
Total ..	241,689	129,310	105,553	6,826
8. Ichchapur	80,300	52,385	26,881	1,034
9. Sompet A.	20,707	15,176	3,131	2,400
,, B.	99,928	18,654	78,642	2,632
Total ..	120,635	33,830	81,773	5,032
10. Tekkali	152,236	18,711	128,398	5,127
11. Parlakimedi	293,319	60,320	193,475	39,524
12. Chicacole	291,827	12,067	278,505	1,255
Ganjam Agency.				
1. G. Udayagiri	85,188	22,607	89	62,492
2. Pondakhol (Surada I)	2,837	1,726	9	1,102
Balliguda	108,955	32,496	55	76,404
Total ..	111,792	34,222	64	77,506
3. Ramagiri A.	35,698	23,532	57	12,109
,, B.	55,879	17,385	107	38,387
Total ..	91,577	40,917	164	50,496
4. Parlakimedi Maliahs	69,681	17,254	2,589	49,838

SUBSIDIARY LANGUAGE.

Taluk or section.	Population.	No. returning their subsidiary language as			
		Oriya.	Telugu.	*Hill and other languages.	No languages.
Ganjam Plains.					
1. Ghumsur	180,615	10,580	609	252	169,174
2. Bodogodo (Surada II) ..	23,877	1,646	14	60	22,157
3. Kodala	207,228	7,807	998	54	198,369
4. Aska	210,270	14,103	1,387	116	194,664
5. Chatrapur	187,165	16,725	2,641	226	167,573
6. Bodokimedi	64,220	11,267	1,268	11	51,674
7. Berhampur (excluding Bodokimedi).	241,689	18,417	11,389	220	211,663

SUBSIDIARY LANGUAGE,—*contd.*

Taluka or Section.	Population.	No. returning their subsidary language as			
		Oriya.	Telugu.	*Hill and other languages.	No languages.
Ganjam Plains—contd.					
8. Ichchapur	80,300	7,975	2,500	30	69,795
9. Sompet	120,635	6,406	9,246	16	104,967
10. Tekkali	152,236	2,872	14,414	24	134,926
11. Parlakimedi	293,319	7,520	45,343	140	240,316
12. Chicacole	291,827	984	14,653	184	276,006
Ganjam Agency.					
1. G. Udayagiri	85,188	6,380	73	7,563	71,172
2. Pondakhol (Surada I) ..	2,837	192	3	58	2,584
Balliguda	108,955	718	30	6,145	99,062
Total ..	111,792	3,910	33	6,203	101,646
3. Ramagiri	91,577	22,698	491	4,503	63,885
4. Parlakimedi Maliahs ..	69,681	19,256	1,852	511	48,062

The castes classed as doubtful are those whose racial origin, though all available authorities were consulted, and enquiries were made from local officers, it was found impossible to determine. They have of course, been claimed by both Telugus and Oriyas, but it is not necessary for us, even if it were practicable, to adjudicate on the rival claims. In only a few circles (38 out of a total for Ganjam and the Vizagaptam Agency of 1,404) does the doubtful element hold the balance, and nowhere does it effect the broad results which the maps and tables disclose.

61. An examination of the maps and tables will show that in an area north of a line drawn from the Agency boundary along the northern boundary of the Jalantra estate, then north eastwards along the Ichchapur sub-taluq boundary to Purushottapur on the Grand Trunk Road, and thence north of the Surla Salt Factory, and south eastwards to Sonapur, the Oriyas are in a large majority by the tests both of race and language. A line drawn from Sonapur to Golantra would define still more exactly the Oriya and Telugu areas, but see paragraph 64; it would include part of the Rushikulya irrigation system. The figures, as nearly as they can be calculated, are—

	Race.	Language.
Oriyas	833,985	934,958
Telugus	168,982	160,156

The predominance is marked in all areas except the Chikati Zamindari, and a narrow coastal belt. In the Berhampur town the population is evenly divided, 48 per cent. being Telugu and 47 per cent. being Oriya. South of this line the Telugus outnumber the Oriyas except in the very small Bodarasinghi Zamindari. In the Agency tracts the aboriginal tribes are more than two-thirds of the population, but the Oriyas are not far short of one-third, and nearly one-third too speak Oriyas as their mother-tongue. The number of Telugus is negligible.

* For practical purposes these languages may be treated as the hill languages spoken the primitive tribes.

62. The Oriyas complained that at present they suffered from many disadvantages. The grievances particularly emphasised were the lack of educational facilities and the preponderance of Telgus in the Government service. It was admitted that the attitude of the Madras Government had been sympathetic. And it is, we think, probable that if most of the clerks, postmasters and canal subordinates are Telugus, this is largely due to the fact that the Telugus are more enterprising and industrious. Just as the Telugus feel the pressure of Tamil competition, so the Oriyas find it difficult to hold their own against the Telugus. Still, it is natural that the Oriyas should demand in an area predominantly Oriya a major share in the Government services, and it is probable enough that the Telugu predominance does entail for them some inconvenience. It can hardly be doubted, too, that to some extent the education of the Oriya community has suffered. Oriyas who wish to become teachers must pass in Telugu, and it is apparently more difficult for them to do so than it is for Telugus to learn Oriya. Of the universities open to them Madras is distant, unfamiliar and uncongenial; at the new Andhra University Oriya is hardly likely to receive as much attention as Telugu; and it is not always easy for them to secure admission at Cuttack. Nevertheless, the origin of the demand for re-union with Orissa is not to be found in any specific grievances against the present administration. The desire of the educated Oriyas of Ganjam to be included in a separate province of Orissa is genuine and strong; but it is inspired by the ties of race, language, and history, of which they have become increasingly conscious during the last thirty years.

63. Subject to what is said below about the Parlakimedi zamindari, the educated Telugus are no less strongly opposed to the transfer of any portion of plains; they are less interested in the Agency tracts. They naturally prefer that the Ganjam plains should continue to be attached to the Telugu districts. They have nothing to gain by inclusion in an Orissa province, and whilst they do not admit that the Oriyas in Ganjam have any substantial grounds for complaint, they fear that their own interests will suffer under a government dominated by Oriyas. The Khonds and Savaras have probably no opinion. Very few of them know anything of the controversy that divides the Oriyas and Telugus, or are capable of forming any judgment thereon.

64. The transfer to a separate province of Orissa of such portion of the Ganjam district, as may on other grounds be thought desirable, will not, so far as we can see, involve any administrative difficulties. Ganjam is connected by road and rail with Cuttack, and is much nearer to Cuttack than to Madras. The whole of the Rushikulya irrigation system lies within the area of Oriya preponderance. A large part of the district is permanently settled, and though the ryotwari tenures have features peculiar to the Madras Presidency, we cannot think that their management would cause any trouble. The Madras tenancy law differs in some respects from that of Orissa, but so does the latter from the laws in force in Bihar, Chota Nagpur, and Sambalpur, all parts of a single province. Sambalpur was for many years part of the Central Provinces, and the old Central Provinces Tenancy law is still enforced there; a clear proof that a difference in tenancy law is not an obstacle to the transfer of a district to another province. Nor can we take seriously the argument that appeals will lie to another High Court.

65. It has been argued on the Telugu side that a minority is entitled to special consideration if it exceeds twenty per cent. of the population, and we have been referred, in support of this contention, to the Minorities Treaties by which the minorities are protected in various parts of Europe. We cannot see that this argument has any application to the issue with which we are concerned. The Minorities Treaties regulate the treatment of minorities in countries whose boundaries had already been determined ; they cannot be cited to prove either that the Oriya claim fails because the Oriyas are less than 20 per cent. of the population of the Madras Presidency or that no area should be transferred in which the Telugus exceed 20 per cent. There is always an initial presumption against altering administrative arrangements of long standing, but, if a separate province of Orissa is to be created, we can discover no grounds which would justify refusing to include in it the area specified in paragraph 61. As we have shown, the Oriyas in this area outnumber the Telugus by nearly five to one, their desire for re-union with Orissa is genuine and deep-seated ; and there are no administrative obstacles to the granting of it. It is unfortunate that this area includes a Telugu fringe ; but the narrow coastal belt in which they predominate cannot be detached from the interior, and the wishes of a small minority cannot be the determining factor.

66. We are not, however, agreed as regards the Parlakimedi Zamindari. The majority of the Committee (the Hon'ble Mr. Mehta and Mr. Phookun) are in favour, for the following reasons, of adding this zamindari :—

" In conducting the enquiry as to what tracts now included in different provinces should be incorporated in the new Orissa province, if and when created, and in coming to definite conclusions about its boundaries, we have agreed to take among others, the following important facts into our consideration :—

(*a*) The race to which the people of those portions of the provinces belong.

(*b*) The language they speak as their mother-tongue.

(*c*) The language they speak as their subsidiary language.

(*d*) The wish of the people residing in those areas.

In determining the boundaries of the new province on the basis stated above we are unanimous in our recommendations except on the question of the inclusion of the Parlakimedi Zamindari where the population consists of Oriyas, Telugus and hill tribes such as Savaras and Khonds. We are all agreed that the Telugus in the said Zamindari form the majority of the population. There is also the population which has been treated as " doubtfuls " as they cannot be definitely classed as either Oriyas or Telugus, but they are very small in number. On the population basis, therefore, the said Estate should ordinarily have been left where it is, *i.e.*, in the Madras Presidency and not transferred to the proposed Oriya province. But we find that the Zamindar of Parlakimedi who is an Oriya by race, caste and culture, and who is looked up to as the leading zamindar of Ganjam for his family connections with the Puri Rajas, is extremely keen on his estate being transferred to the new Orissa Province. As far back as 1924, the Raja of Parlakimedi moved a resolution for amalgamation in the Zamindars' Association of Ganjam, a very influential

body indeed, and it was seconded by the Raja of Khallikote. They were unanimous in their opinion which was very strongly expressed. And as a matter of fact it is through the efforts of the Raja of Parlakimedi at the Round Table Conference that this enquiry about a separate Oriya province has been started. We have it from the evidence tendered before us that in the sphere of social, religious, educational, and industrial improvements it is the Raja that the people look up to. He maintains a College for men and High Schools for boys and girls ; there is an institution for imparting higher education in Sanskrit and he awards scholarships. He has also constructed a railway line extending over 50 miles at his own expense. He treats his tenants justly and fairly irrespective of their being Oriyas or Telugus. This fact is corroborated even by the witnesses who deposed against amalgamation. The wish of such a Zamindar ought, in our opinion, to be taken into account and his opinion ought to carry great weight in deciding in which of the provinces his Estate should remain. Yet we consider that the mere wish of single person, however strong that wish might be, or the simple desire of a Zamindar, however good he may be, should not be taken as the only guiding factor when the interests of people other than those of his race are involved. We have to look over and beyond the present into the future. The Zamindar may be quite a good man to-day from everybody's point of view but he may not be so to-morrow : he may personally continue to carry on the good management of his estate in interests of all his tenants but his successors may not do so and may change their attitude in favour of their Oriya tenants. But when we find that a large number of Telugus residing in Parlakimedi expressing clearly their wish to go with the Raja to the new province of Orissa, we cannot but recommend the transfer of the said zamindari to the new Orissa Province. The Telugu witnesses, without a single exception, have stated in no uncertain terms that they are happy and contented under the Raja and have been living peacefully with the Oriyas within his territory. There has been no complaint that at any time preferential treatment had been given to the Oriya tenants. The Telugus and the Oriyas equally and entirely depend upon their Raja for all comforts and conveniences and for their well-being generally.

On the facts found we have not the least doubt that the tenants of the Parlakimedi Raj are treated well by the Raja and that they truly desire to follow him to the new Province of Orissa.

The Chairman of the Union Board of Varanasi and the Chairman of the Municipal Council of Parlakimedi, both Telugus, state that the said Union Board and the Municipal Council adopted resolutions unanimously supporting the amalgamation of Parlakimedi with the proposed Province of Orissa. The fact that the members of the said local bodies are mostly Telugus adds considerable weight to the resolutions adopted. The People's Association in Parlakimedi also adopted resolutions favouring amalgamation. A large number of Memoranda from Parlakimedi itself supporting amalgamation was presented to us. They contain the signatures of a large number of Telugus also numbering about five thousand. Telugu members of the District and Taluk Boards representing the said area also gave evidence in favour of amalgamation. Headmen of Telugu castes such as Kapus, Baktis, Valamas, Kalingis, and Telangas, as representatives of their castes or as caste-heads, supported amalgamation.

The allegation that some of the signatures of the Telugus were obtained by undue influence could not in the least be substantiated. Savaras and Khonds, whatever their strength may be in the territory, clearly state through their representatives that they wish to go to the new Orissa province. The Christian community through their representative, Rev. Abraham Patnaik, also a member of the District Board, expressed their eagerness to be with the Oriyas in the new Province. The Oriya Zamindars of Ganjam in a body strongly desire the inclusion of Parlakimedi in the Orissa province. The Telugu tenants themselves have nothing to gain by remaining under the Madras Government but everything to lose by going against the desire of the Raja who has been very good to them. We have not the least doubt that the Telugu residents of Parlakimedi receive very fair treatment at the hands of the Raja and most of them wish to follow him to the new province.

The Chairman accepts the principle that the wish of the people should be conceded to and that their desire met and on that principle he would have recommended the transfer of Parlakimedi to the Oriya province if only he was convinced that the Telugus had no objection to go with the Raja to the new province, but unfortunately he is not so convinced. The quality of the evidence from Parlakimedi for inclusion is to our mind better and the quantity larger than the Telugu evidence against it and the whole weight of evidence is in favour of amalgamation. There is no doubt that there is some expression of feeling by some Telugus of Parlakimedi against amalgamation but it is very half-hearted indicating that it was fostered by the Ganjam Telugu influence. The Rajas of Parlakimedi have undoubtedly been very good to their Telugu tenants and it is to their interests to keep them happy and contented even when the Zamindari is transferred to the proposed Orissa province. If, however, in spite of the fact of the Telugus having always received impartial treatment from the Rajas they now go against his wish and desire, it is likely that he may change his attitude towards them. This will surely make them more unhappy than they can ever possibly be if they go to Orissa with him. In support of our contention, we invite a reference to the finding of the Philip and Duff Committee. This Committee made extensive tours in the interior of the Parlakimedi estate to make detailed and careful investigation which we had not the opportunity of doing, and on the evidence received the said Committee came to the same conclusion, namely, that the people of Parlakimedi who count for anything, wanted amalgamation and the rest wanted to go by the wish of the Raja and on those considerations they recommended the inclusion of Parlakimedi into Orissa.

If most of the Ganjam Oriya Zamindars are taken away from Madras it is only natural that the Parlakimedi Estate also should go with the majority. We do not anticipate that the Telugu inhabitants will suffer in any way from the change recommended. Although it is a permanently settled area the Zamindar cannot enhance taxes at his own sweet will and the apprehension of some of the Telugus that their land-laws will be changed is unfounded. It would be very unfortunate if Parlakimedi is left out on account of a majority of its population being Telugus while other influential Oriya Zamindars are transferred to the new province.

We, for the reasons stated above, do recommend that the Parlakimedi Zamindari should also be included within the boundary suggested by us."

The opinion of the Chairman is as follows :—

" The difference between me and my colleagues turns in the main on the view taken of the attitude of the inhabitants. My colleagues believe that most of them desire to be included in a separate province of Orissa : I do not. It is true that the Oriya claim was supported by Telugu witnesses, and petitions purporting to be signed by Telugus. It would be strange if such evidence were not forthcoming in an area owned by a zamindar who has been a protagonist of the Oriya movement. I do not suggest that it has been obtained by improper means, but in judging the value of this testimony the influence of the zamindar cannot be ignored. My colleagues have argued that the evidence adduced by the Telugus has been fostered by the Ganjam Telugu influence, but this argument is double-edged. There is no reason to suppose that the propaganda of the Oriyas has been less active than that of the Telugus, and it is difficult to believe that it has not had the support of the estate officials. In a case of this kind, however, the issue cannot be settled by arguments ; the final appeal must be to the impression left by the evidence on those who heard it, and to my mind the evidence as regards the attitude of the Telugus is quite unconvincing. I do not believe that the tenants have any views on the question of amalgamation with an Orissa province. They are cultivators whose main concern is with crops, rents and prices, and whose outlook is restricted to the village. Of the educated Telugus, mostly residents of Parlakimedi, it may be that some are ' willing to go with the Raja to the new province ', but that as a whole they are in favour of the transfer of the zamindari, I simply do not believe.

" If this is the position then, as my colleagues justly observe, we must look beyond the present and to the future. With all that they say regarding the Raja of Parlakimedi I cordially agree. It is admitted on all hands that he has done much for the welfare of the estate. But I do not share their fear that if the Parlakimedi zamindari is excluded, his attitude will change, nor even if I did could I admit that this is a consideration that should seriously influence the decision. Language and race are abiding facts, and ultimately of far greater importance than the reactions of the zamindar. More than half the total population is Telugu by race, and Telugu is the mother-tongue of nearly two-thirds; and the subsidiary language of forty-five thousand persons. If Parlakimedi is added to a province of Orissa, sooner or later, and probably before very long, an agitation will arise inside and outside the estate for its re-union with the Telugu districts, which will embitter the relations between the Oriyas and the Telugus. In settling the boundaries of the new province, the line should be so drawn as to leave, so far as possible, no minority problem. The boundary which I propose gives to Orissa all the areas in which the Oriya population predominates. If it includes a Telugu minority, that minority is as small as it is practicable to make it ; and it satisfies, therefore, so far as the circumstances permit, the test on which the Statutory Commission laid stress, namely, the greatest measure of agreement between the area gaining and the area losing territory."

67. In the Agency tracts, as we have seen, the number of Telugus is negligible ; whilst the Oriyas are a substantial proportion of the population, and Oriya is clearly destined to become the language in general use. It is,

too, convenient, indeed, if our recommendation in paragraph 71 below regarding the Vizagapatam Agency is accepted, almost inevitable, that the Agency area should be administered from the plains which they adjoin. It is arguable that for this reason the Parlakimedi maliahs should go with the Parlakimedi zamindari, which one of us would not assign to Orissa. It is not, however, part of the zamindari, includes a substantial Oriya element; and is governed by Oriya Bissoyis. Moreover, the balance of advantage seems to lie in placing all the Agency areas of Ganjam under one administration. We are agreed, therefore, in recommending that all these tracts should be included in the new province.

(11) *Vizagapatam Agency.*

68. The Vizagapatam Agency tracts (of which all except the Gudem Agency is claimed by the Oriyas) are the hill areas, forming part of the Eastern Ghats which lie to the west of the coastal plain. The original inhabitants were aboriginal tribes, but at some remote time the country was invaded by Oriyas, who imposed their rule upon them. Most of it was from the 15th century till the advent of the British under the rule of the Jeypore Rajas who were, nominally at least, tributaries first of the Gajapati Kings and later of the Golconda Kings. After the overthrow of the latter by Aurangzeb, the Agency areas formed part of the Chicacole Circar which, with the other northern Circars, were ceded by the Mughal Emperor to the British in 1765. But for a long period they remained under native rule; from 1803 to 1848, Jeypore was an almost unknown country to the officers of the district, and its effective administration may be said to date from 1863. Even since that date there have been numerous rebellions (fituris) of the aboriginal tribes the last of which occurred only a few years ago. The system of administration now in force, and the constitutional status of the Agency are as described in paragraph 56 above, on the Ganjam district.

69. It is unnecessary to refer to the earlier Census reports because there is no dispute about the racial composition of the population and the languages spoken. For 1931 the figures are:—

RACE.

Serial No.	Taluk or Section.	Population.	Oriya.	Telugu.	Neither.	Doubtful.
	Vizagapatam Agency.					
1.	Naurangpur	198,911	140,328	4,460	49,625	4,498
2.	Jeypore	201,060	141,455	6,002	48,598	5,005
3.	Koraput	74,898	29,725	2,991	41,308	874
4.	Pottangi	97,427	35,432	9,021	52,519	455
	Salur Agency	6,253	57	313	5,883	..
	Total ..	103,680	35,489	9,334	58,402	455
5.	Padwa A.	88,812	30,445	12,251	45,987	129
	Srungavarapukota Agency ..	5,362	866	1,290	3,205	1
	Total ..	94,174	31,311	13,541	49,192	130

RACE—*contd.*

Serial No.	Taluk or Section.	Population.	Oriya.	Telugu.	Neither.	Doubtful.
	Vizagapatam Agency—contd.					
6.	Padwa B.	40,768	9,605	16,670	14,480	13
	Viravilli Agency	5,293	1,178	2,678	1,437	..
	Total ..	46,061	10,783	19,348	15,917	13
	Padwa	129,580	40,050	28,921	60,467	142
7.	Malkanagiri A.	30,155	20,308	1,640	5,420	2,787
	Malkanagiri B.	46,091	8,538	6,072	28,575	2,906
	Total ..	76,246	28,846	7,712	33,995	5,693
8.	Gudem	23,547	195	17,616	5,718	18
9.	Golgonda Agency	20,831	290	18,214	2,303	24
10.	Parvatipur Agency	42,651	5,668	2,623	34,353	7
11.	Rayagada	83,412	14,335	5,946	62,474	657
12.	Bissamkatak	64,755	22,800	1,691	40,168	96
13.	Gunupur	120,854	22,348	11,875	86,386	245
14.	Palkonda Agency	13,918	464	83	13,371	..

MOTHER-TONGUE.

Serial No.	Taluk or Section.	Population.	No. returning as their mother-tongue		
			Oriya.	Telugu.	Other languages.
	Vizagapatam Agency.				
1.	Naurangpur	198,911	172,828	1,008	25,075
2.	Jeypore	201,060	172,039	4,714	24,307
3.	Koraput	74,898	52,082	1,082	21,734
4.	Pottangi	97,427	47,098	8,486	41,843
	Salur Agency	6,253	63	697	5,493
	Total ..	103,680	47,161	9,183	47,336
5.	Padwa A.	88,812	49,621	18,267	20,924
	Srungavarapukota Agency	5,362	1,586	2,728	1,048
	Total ..	94,174	51,207	20,995	21,972
6.	Padwa B.	40,768	3,247	32,121	5,400
	Viravilli Agency	5,293	46	4,426	821
	Total ..	46,061	3,293	36,547	6,221
7.	Malkanagiri A.	30,155	23,247	1,361	5,547
	Malkanagiri B.	46,091	6,742	4,343	35,006
	Total ..	76,246	29,989	5,704	40,553

MOTHER-TONGUE—*contd.*

Serial No.	Taluk or Section.	Population.	No. returning as their mother-tongue		
			Oriya.	Telugu.	Other languages.
	Vizagapatam Agency—contd.				
8	Gudem	23,547	12	23,100	435
9	Golgonda Agency	20,831	107	20,681	43
10	Parvatipur Agency	42,651	5,943	4,468	32,240
11	Rayagada	83,412	15,181	9,772	58,459
12	Bissamkatak	64,755	23,274	6,895	34,586
13	Gunupur	120,854	22,041	29,280	69,533
14	Palkonda Agency	13,918	208	1,393	12,317

SUBSIDIARY LANGUAGE.

Serial No.	Taluk or Section.	Population.	No. returning as their subsidiary languague			
			Oriya.	Telugu.	Hill and other languages.	No languages.
	Vizagapatam Agency.					
1	Naurangpur	198,911	14,540	366	1,221	182,784
2	Jeypore	201,060	20,823	1,499	355	178,383
3	Koraput	74,898	13,158	315	423	61,002
4	Pottangi	97,427	26,147	5,574	457	65,249
	Salur Agency	6,253	12	4,900	3	1,338
	Total ..	103,680	26,159	10,474	460	66,587
5	Padwa	129,580	13,963	7,766	2,014	105,837
6	Srungavarapukota Agency ..	5,362	76	1,617	16	3,653
7	Viravilli Agency	5,293	..	600	67	4,626
8	Malkanagiri	76,246	6,384	5,646	1,006	63,210
9	Gudem	23,547	2	381	5	23,159
10	Golgonda Agency	20,831	21	105	206	20,499
11	Parvatipur Agency	42,651	934	12,153	425	29,139
12	Rayagada	83,412	10,314	13,069	1,855	58,174
13	Bissamkatak	64,755	725	75	12	63,943
14	Gunupur	120,854	21,022	20,062	1,162	78,608
15	Palkonda	13,918	1	11,883	274	1,760

It will be seen that in the area outside Gudem and Golgonda out of a total population of 1,120,620 nearly 43% are Oriyas by race, and nearly 53% speak the Oriya language. Further, in all except a few tracts the population that is Oriya by race greatly exceeds the Telugu element; and linguistically the Oriya predominance is still more marked.

70. The Vizagapatam agency is, as its history indicates, a very backward tract. The number of persons who are capable of forming a judgment on any political question is very limited. The Maharajah of Jeypore, however, though evidently not free from anxiety as to the financial consequence

of transferring the Agency, favours its inclusion in a separate province of Orissa ; and so also does such other opinion as exists. On the Telugu side there was next to no opposition. A few Telugu witnesses said they did not wish to be transferred to Orissa, but it was clear that the Telugu leaders are indifferent to the fate of the Agency. Nor is the reason for this far to seek. It is to be found in the movement for the creation of an Andhra province. The Agency areas outside Gudem and Golgonda contain only a few Telugus, and financially they are a liability rather than an asset. The Telugu politicians therefore are not unwilling that they should be detached from the Telugu districts.

71. A common language tends to create a feeling of solidarity, and if the Agency tracts are excluded, the sentiment in favour of their union with Orissa will intensify as education spreads and the tribal languages are replaced by Oriya. Unless therefore there are insuperable administrative or other difficulties, there is a strong case for including in the new province the Agency areas claimed by the Oriyas except (1) the hill Madgole estate which is not part of the Jeypore impartible estate, and corresponds roughly with the area of Telugu predominance in Padwa ; (2) the Veravilli and Srungavarapukota tracts where the Telugus are more numerous than the Oriyas ; (3) the Palkonda tract ; here both the Oriyas and Telugus are few in number, and administratively its attachment to the Palkonda (plains) taluk seems desirable ; (4) the south-eastern portion of Gunupur which belongs to the Kurupam estate and is not part of the Jeypore impartible Zemindari. In Gunupur as a whole the population speaking Telugu somewhat exceeds that speaking Oriya, but by race the Oriyas are nearly twice as numerous, and, moreover, Gunupur is part of the Jeypore Zamindari. In Salur the number both of Oriyas and Telugus is very small, and while part of it belongs to the Pachipenta estate owned by the Maharaja of Jeypore, part belongs to the Salur Zamindar. On the whole, however, it seems preferable that here the boundary should follow the line that at present divides the Agency and the rest of the district.

72. The objections to transferring this area are essentially administrative and economic. The principals are : (1) the main roads in the Agency and the Raipur-Vizianagram railway run down to the coast. The lateral communications are poor, and there is no route that in practice would ever be used from the Ganjam Agency to the Vizagapatam Agency ; (2) the produce of the Agency is exported to the plains, and both its import and its export trade are in the hands of the Telugu Komatis of the plains ; (3) the Godavari canal depends for its supplies on the streams which drain the ghats and the country west of them into the Godavari river, and the supply of water in the hot weather might be seriously affected if the forests in parts of the agency were not adequately protected. The Madras Government can at present enforce whatever measures may be required for this purpose, but would have no such power if the forests were under another Government ; (4) there have been frequent rebellions (fituris) amongst the tribes and though there is a force of armed police at Koraput the reserves at Vizagapatam are also available and might be needed.

73. There is undoubtedly some force in these objections, but we do not regard them as insuperable or even as very serious. Our reasons are :—(1) From Ganjam the approach to the Vizagapatam Agency is no doubt by the

roads (or the railways) leading up from the coast. But this only means that inspecting officers, such as the Inspector General of Police and the Director of Public Instruction will have to travel along the coast, and thence by car or rail to the Agency tracts. They will have, in so doing, to traverse territory outside their province, but we do not see that this need give rise to any difficulty. (2) Since there are no internal customs barriers, a change in the provincial boundary will not affect the course of trade which will follow the same routes and be in the same hands as before. (3) Under the present constitution the Central Government can intervene on any question affecting more than one province, and it is a reasonable assumption that under any future constitution there will be some authority or tribunal to which Madras Government can appeal if the supply of water to the Godavari canals is endangered by the destruction of the forests in the Jeypore estate. (4) The armed police reserves at Koraput will probably have to be strengthened, if the Agency tracts are transferred, since it will take longer to reinforce them from other districts, but the addition to their strength required will not be large.

Our view is therefore that the areas specified in paragraph 71 should be included.

74. This concludes our examination of the proposals and suggestions that have been brought to our notice. It will be seen that if the boundaries are fixed as we propose, the province of Orissa will include the Orissa division, Angul, the Khariar Zamindari of the Raipur district, and the greater part of the Ganjam district and of the Vizagapatam Agency tracts. It will have an area of approximately 33,000 square miles and a population of about 8,277,000 persons.

CHAPTER II.

THE FINANCIAL AND OTHER CONSEQUENCES IN ORISSA.

75. In framing our estimates of the revenues of a new province of Orissa, we have assumed that its sources of revenue will be those at present allocated to the provinces. There is, indeed, no other assumption on which we could have proceeded. We realise that the constitution, which is now being worked out, will in all probability involve a redistribution of sources between the central and provincial Governments, but we have no means of forecasting the changes that will be made in the present (Meston) settlement, and cannot, therefore, take account of them in our calculations. It will not, however, be difficult to make, when the time comes for so doing, the corrections that they may necessitate.

76. In our estimates of expenditure we have, similarly, adhered closely to existing standards both of salary and administration. We recognise that both may be affected, indirectly if not directly, by the provisions of the new constitution, but here again it is obviously impossible for us to foresee the nature and extent of the changes. And we are, clearly, not a retrenchment committee, charged with the task of devising a scheme for the administration of the new province on lines entirely different from those that are being followed in the rest of India. At the same time, in framing our estimates of expenditure, we have, as the financial appendices to the report will show, assumed that so far as is compatible with the present system, the most economical arrangements will be adopted by the new province ; for example, that Orissa will not have a High Court and University of its own, and that as regards long-term prisoners, the training of constables, etc., it will rely on institutions maintained by Bihar, to the cost of which it will make a contribution.

77. Our estimates relate only to the Orissa division, Angul, the portion of the Vizagapatam Agency on the inclusion of which we are agreed, and the Ganjam area, which the majority propose to transfer to Orissa. We have not thought it necessary to calculate what the effect of excluding Parlakimedi would be : it would obviously not be important. The remaining areas are the Padampur estate, the revenue and expenditure of which are negligible, and the Khariar zamindari. Khariar is only a small portion of one tahsil, and we are satisfied that detailed estimates for this small tract, even if they could be accurately prepared would not repay the time and trouble involved. A statement obtained from the Commissioner of the Raipur Division shows that the revenue from all heads (except stamps) is approximately Rs. 63,500 and that the expenditure under Excise, Police, Land Records, Administration of Justice, and Medical amounts to approximately Rs. 35,000. It is clear that allowing for the cost of a new tahsil, the revenue will cover the expenditure, and perhaps leave a balance of a few thousand rupees. We have, therefore, assumed that the inclusion of this zamindari will not affect the financial consequences of creating a province of Orissa.

78. The duties levied on liquor, opium and other excisable articles and the fees charged under the Stamp and Registration Acts are not the same in Bihar and in the Madras areas. Our calculations are based in both cases on the laws and orders now in force. It is possible that the enhancement of the lower

scales might yield some additional revenue, but it is doubtful whether in practice there would be any net gain ; and in any case the matter is one that must be left for the consideration of the new Government and its legislature. We have not the data that would enable us to estimate the effect of revising the present scales. Similarly, we have assumed that the present rates of pay of Government servants, which in some cases differ though not markedly, will continue to be paid. It may well be found advisable for administrative reasons, to adopt for both areas uniform rates, but this would make very little difference to the finances of Orissa.

79. As regards interest and the reduction of debts, we take the same view as the Sind Financial Enquiry Committee, namely, that the only equitable distribution both of assets and debts is for Orissa to take over all assets situated in the new province, and for Bihar and Madras to take over all those situated in Bihar and Madras, each party taking with its assets any liabilities attached to them. This is the principle that has been adopted in the past whenever any redistribution of territory has been made. We need not set out the arguments on which this view is based. They are given fully in the Sind Committee's report, with whose statement of the case we are in full agreement.

80. It will be seen from Appendices I and II that the basic revenues of the province of Orissa are 136·58, and that the basic expenditure (including debt charges) is 152·50. To the latter figure, however, must be added the cost of separation, that is, the charges over and above the basic expenditure which the creation of a new administration will involve. These amount to 18·23, bringing the deficit to 34·15 in the first year of separation; and allowing for normal expansion of expenditure in that year, the total deficit in the first year will amount to 35·21.

81. But we anticipate that the revenue will also increase as the trade depression passes away, and prices to some extent recover. On the other hand, expenditure will also rise gradually, mainly under education, pensions, interest, and in the first ten years under civil works. Statements I to III in Appendix V show for both revenue and expenditure, the growth which we anticipate and Statement IV indicates the effect on the amount of the initial deficit. It will be seen that the deficit will rise from 35·21 to 40·93 in the fifteenth year.

82. Neither the initial nor the subsequent deficits can be met to any appreciable extent by the imposition of any new taxes, such as a succession duty, which it is at present within the competence of a province to impose. There are no data on which we can estimate precisely the yield of such taxes, but there can be no reasonable doubt that it would go a very little way to reducing the adverse balance. The deficits can thus be met only by the allocation of new sources of revenue or by a subvention from the Central Government, or by a combination of both methods.

83. It will not be possible for Orissa to maintain self-contained cadres for the All-India services. In these services, and perhaps for such posts as that of Chief Engineer, it will be necessary to borrow officers from other provinces. The inconveniences of this course, more especially as the language of Orissa differs from that of the neighbouring provinces (though it can be

easily mastered by any one familiar with Bengali), are clear, but we see no alternative to its adoption. In other respects, the new province will not, so far as we can judge, be faced with any special administrative difficulties. Angul and Sambalpur are separated from the coastal districts by wide stretches of Indian State territory, and their communications with the coast are, therefore, dependent on the roads maintained by the States. It is important for that reason that her relations with the latter should be cordial ; but this is also the present position. And Orissa should be almost entirely exempt from the communal troubles from which other provinces have suffered. The number of Muhammadans is very small ; and the Telugu minority is not large, nor are its relations with the Oriyas ever likely to be so embittered as those between Hindus and Muhammadans have sometimes been.

CHAPTER III.

THE FINANCIAL AND OTHER CONSEQUENCES IN ADJOINING BRITISH TERRITORIES.

84. Appendices III and IV show that in consequence of the creation of the new province the Bihar Government and the Madras Government will benefit annually to the extent of 3·16 and 17·84 respectively. These estimates will doubtless need some modification whenever the arrangements for separation are worked out by the Governments concerned; but we believe that the margin of error is small, and that the final results will not differ markedly from our calculations.

85. The inclusion of the Orissa division and of Angul in the province of Bihar and Orissa is the result of historical circumstances. These territories are not linked with Bihar by geographical position, race or language, and their detachment will not in any way inconvenience the latter. After separation, Bihar will have an area of just under 70,000 square miles, and a population of nearly 33 millions. The Secretariat and overhead staff will not be affected and the service-cadres will still be self-contained, even if for certain services joint cadres for the two provinces are not maintained. But separation will appreciably increase the proportion of the Muhammadans to the Hindu population. In the present province, there are 31,011,474 Hindus and 4,264,790 Muhammadans, that is, the Muhammadan proportion is 1 : 7·3. Of the population to be transferred, 5,096,431 are Hindus and 124,463 are Muhammadans ; and the Muhammadan proportion will accordingly be raised to 1 : 6·4. This change will doubtless necessitate the allotment to the Muhammadans of a larger proportion of the seats on the legislature than they at present hold.

86. The loss of the Khariar zamindari and Padampur estate can have no consequences of any importance for the Central Provinces.

87. The Madras Presidency will lose a population of about $2\frac{3}{4}$ millions and an area of about 18,000 square miles. It will still however be one of the largest provinces in India, with a population of just under 44 millions and an area of over 1,24,000 square miles. There will be no reductions in the Secretariat and other overhead staffs, and the very small reductions in certain services will not affect their self-contained character. The portion of Ganjam which we do not propose to include in the new province can easily be absorbed by the Vizagapatam district, since it will not more than counterbalance the loss of most of the Vizagapatam. In the Madras presidency, therefore, the creation of the new province will not entail any administrative difficulties. The Hindu Muhammadan proportion will be slightly altered, from 1 : 12·5 to 1 : 11·6, but whether this small change will affect the number of seats allotted to Muhammadans, we are unable to say. Obviously, even if it does, the effect on the distribution of seats will be very slight.

88. The creation of a province of Orissa will undoubtedly stimulate the demand for a revision of provincial boundaries on linguistic and racial lines; it will encourage the Telugus to press their demand for an Andhra province, and may revive or create similar demands on behalf of other communities

linked by ties of race and language. It is not for us to say whether such claims can or should be conceded. But the encouragement which they will receive, is probably the most important consequence that the formation of the new province will entail.

S. P. O'DONNELL. *Chairman.*

T. R. PHOOKUN. } *Members.*
H. M. MEHTA. }

B. C. MUKHARJI,
Secretary.

Ranchi, the 19th April 1932.

FINANCIAL APPENDICES.

(Appendices of a non-financial nature have been printed in Volume II of the Report.)

Note 1.—Throughout the appendices, figures are given in lakhs of rupees and decimals of a lakh without any prefix; thus 18·26 represents Rs. 18,26,000. Wherever, as in giving salary rates, the prefix Rs. occurs the actual number of rupees is signified.

Note 2.—Except where otherwise stated, Orissa includes the district of Angul.

FINANCIAL.

APPENDIX I.

Revenue.

Detailed notes showing—

A.—Basic figures.

B.—Expansion.

Basic figures of receipts.

Major Head.	Average of Orissa.	Average of Vizagapatam.	Average of Ganjam.	Total of the averages.	Basic figure.
II.—Income-tax	0·70	0·05	0·35	1·10	0·95
V.—Land Revenue	36·71	0·25	11·77	48·73	51·70
VI.—Excise	33·72	5·31	9·09	48·12	43·19
VII.—Stamps	13·40	0·46	3·37	17·23	17·34
VIII.—Forests	3·91	..	2·08	5·99	4·35
IX.—Registration	1·68	..	0·56	2·24	1·85
XIII.—Irrigation	10·10	..	0·09	10·19	9·14
XIV.—Miscellaneous Irrigation ..	0·13	..	..	0·13	0·13
XVII. Administration of Justice ..	0·72	0·11	0·25	1·08	1·20
XVIII.—Jails and Convict Settlements	0·32	0·02	0·06	0·40	0·34
XIX.—Police	0·15	0·06	0·10	0·31	0·45
XX.—Ports and Pilotage	..	..	..	..	..
XXI.—Education	1·38	..	0·02	1·40	1·36
XXII.—Medical	0·21	0·07	..	0·28	0·28
XXIII.—Public Health	0·02	..	..	0·02	0·05
XXIV.—Agriculture	0·37	..	0·01	0·38	0·40
XXV.—Industries	0·21	..	0·09	0·30	0·30
XXVI.—Miscellaneous Departments	..	0·01	0·07	0·08	0·21
XXX.—Civil Works	0·65	1·70	0·03	2·38	1·68
XXXIII.—Receipts in aid of superannuation	0·27	0·08	0·16	0·51	0·51
XXXIV.—Stationery and Printing ..	0·05	0·01	0·02	0·08	0·26
XXXV.—Miscellaneous	0·02	0·03	0·13	0·18	0·55
XVI.—Interest	0·15	0·02	0·17	0·34	0·34
Total ..	104·87	8·18	28·42	141·47	136·58

Statement of basic receipts.

Items.	Bihar and Orissa Province.	Madras Presidency.			
	Orissa.	Vizaga-patam.	Ganjam.	Total of Columns 3 & 4.	Total basic receipts Columns 2 & 5.
	2	3	4	5	6
II.—Taxes on Income	0·55	0·05	0·35	0·40	0·95
V.—Land Revenue	40·43	0·25	11·02	11·27	51·70
VI.—Excise	28·79	5·31	9·09	14·40	43·19
VII.—Stamps	13·50	0·51	3·33	3·84	17·34
VIII.—Forests	2·65	..	1·70	1·70	4·35
IX.—Registration	1·29	..	0·56	0·56	1·85
XIII.—Irrigation receipts ..	9·05	..	0·09	0·09	9·14
XIV.—Miscellaneous Irrigation ..	0·13	..	..	..	0·13
XVII.—Administration of Justice ..	0·84	0·11	0·25	0·36	1·20
XVIII.—Jails and Convict Settlement	0·25	0·03	0·06	0·09	0·34
XIX.—Police	0·26	0·06	0·13	0·19	0·45
XX.—Ports and Pilotage	..	..	..	..	..
XXI.—Education	1·33	0·01	0·02	0·03	1·36
XXII.—Medical	0·21	0·07	..	0·07	0·28
XXIII.—Public Health	0·05	..	..	..	0·05
XXIV.—Agriculture	0·39	..	0·01	0·01	0·40
XXV.—Industries	0·21	..	0·09	0·09	0·30
XXVI.—Miscellaneous Departments	0·07	0·03	0·11	0·14	0·21
XXX.—Civil Works	0·65	1·00	0·03	1·03	1·68
XXXIII.—Receipts in aid of superannuation	0·27	0·08	0·16	0·24	0·51
XXXIV.—Stationery and Printing ..	0·23	0·01	0·02	0·03	0·26
XXXV.—Miscellaneous	0·39	0·03	0·13	0·16	0·55
XVI.—Interest	0·15	0·02	0·17	0·19	0·34
Total ..	101·69	7·57	27·32	34·89	136·58

Statement of Expansion of Revenue.

Major Heads.	Bihar and Orissa province.	Madras Presidency			Total Expansion of revenue.
	Orissa.	Vizagapatam.	Ganjam.	Total for Madras Presidency Columns 3 & 4.	
II.—Taxes on Income	..	..	..	..	..
V.—Land Revenue	..	..	..	..	..
VI.—Excise	1·71	..	..	..	1·71
VII.—Stamps	0·67	..	..	..	0·67
VIII.—Forests	0·60	..	..	..	0·60
IX.—Registration	0·39	0·05	..	0·05	0·44
XIII.—Irrigation Receipts ..	..	..	..	..	..
XIV.—Miscellaneous Irrigation ..	..	..	..	..	..
XVII.—Administration of Justice ..	..	..	..	..	..
XVIII.—Jails and Convict Settlements	..	..	..	..	..
XIX.—Police	..	..	..	..	..
XX.—Ports and Pilotage	..	..	..	..	..
XXI.—Education	..	..	..	..	..
XXII.—Medical	..	..	..	..	..
XXIII.—Public Health	..	..	..	..	..
XXIV.—Agriculture	..	..	..	..	..
XXV.—Industries	0·34	..	..	..	0·34
XXVI.—Miscellaneous Departments	..	..	..	..	..
XXX.—Civil Works	..	..	..	..	..
XXXIII.—Receipts in aid of Superannuation	..	..	..	..	..
XXXIV.—Stationery and Printing ..	..	..	..	..	..
XXXV.—Miscellaneous	..	..	..	..	..
XVI.—Interest	..	..	..	..	..
Total ..	3·71	0·05	..	0·05	3·76

II.—INCOME-TAX.

(1) Orissa.

Under Rule 15 of the Devolution Rules, whenever the assessed income of any year exceeds in any province the assessed income of 1920-21, the Local Government of that province is credited with an amount calculated at three pies in each rupee of the amount of such excess. The amounts credited to the Bihar and Orissa Government in recent years and the share of Orissa were :—

Year.	Whole Province.	Orissa.
1927-28	3·20	0·82
1928-29	4·74	0·59
1929-30	4·49	0·70
Total ..	12·43	2·11
Average ..	4·14	0·70

A.—*Basic figure.*

2. Orissa's share in 1927-28 as compared with the total for the whole province seems too high and for that reason it is not comparable with the figures of later years which themselves are somewhat higher than in view of the trade depression the yield of future years is likely to be. It would probably be unsafe for the new Government to anticipate an average annual receipt of more than 0·55.

Basic revenue .. .. 0·55

B.—Expansion is *nil.*

(2) Vizagapatam.

A.—*Basic figure.*

3. Similarly the share of the new province in Income-tax arising out of the Jeypore Agency in the same years was as follows :—

1927-28	0·03
1928-29	0·05
1929-30	0·06

The average is 0·05 which we adopt.

B.—Expansion is *nil.*

(3) Ganjam.

A.—*Basic figure.*

4. Corresponding figures for Ganjam are :—

1927-28	0·36
1928-29	0·45
1929-30	0·23

The average is 0·35 which is taken as the basic figure.

B.—Expansion is *nil.*

Summary.

5.

(1) ORISSA.

Basic revenue	0·55
Expansion	*Nil.*

(2) VIZAGAPATAM.

Basic revenue	0·05
Expansion	*Nil.*

(3) GANJAM.

Basic revenue	0·35
Expansion	*Nil.*
Total basic revenue ..	0·95
Total expansion ..	*Nil.*

V.—LAND REVENUE.

(1) ORISSA.

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Ordinary revenue	156·74	30·89	158·14	33·13	161·47	35·69
Sale of Government Estates ..	0·01	..	(143)	..	(360)	..
Sale proceeds of waste lands and redemption of land tax ..	0·04	(226)	0·03	0·01	0·02	(231)
Assessment of alienated lands less quit rents	0·07	..	0·13	..	0·07	..
Recoveries on account of survey and settlements	4·12	2·48	4·50	1·82	3·98	1·47
Rents, etc., of fisheries ..	0·05	(24)	0·10	(144)	0·10	..
Recovery of cost of maintenance of boundary pillars ..	0·01	0·01	0·02	0·02	0·01	(326)
Rates and cesses on lands ..	1·14	0·08	1·89	0·10	0·06	0·01
Recoveries of overpayments ..	0·02	0·01	0·01	(36)	0·03	(34)
Collection of payments for services rendered	..	..	..	..	4·63	0·21
Miscellaneous	6·92	163	9·97	1·35	7·77	1·29
Deduct—Refunds	0·44	0·03	0·80	0·02	0·32	0·02
Total land revenue ..	168·68	35·07	173·99	36·41	177·82	38·65

A.—*Basic figure.*

6. The head 'Collection of payments for services rendered' was opened only in 1929-30 to record receipts which were formerly credited to 'Rates and Cesses on lands' and some receipts pertaining to the sub-head 'Miscellaneous'. This explains the absence of receipts in the first two years against 'Collection of payments for services rendered' and a fall in receipts in 1929-30 as compared with previous years under 'Rates and Cesses on land' and 'Miscellaneous'. The average, however, is not affected.

7. The average of Orissa receipts is 36·71 which includes 33·24 on account of ordinary land revenue and 1·92 representing recoveries on account of Survey and Settlements. Omitting for the present these two items of receipts, the average comes to 1·55.

8. The collection of ordinary land revenue, it will be noticed, was in 1927-1928, 30·89, 33·13 in 1928-29 and 35·69 in 1929-1930. It is steadily rising. This is in a large measure the result of revision of Survey and Settlement operations which the Bihar and Orissa Government has been conducting in Orissa. These operations had not been closed in 1929-30 and are expected to be finished only in December 1932 and it will be some time before the full revenue can be realised. It is anticipated that the demand of land revenue in the districts of Cuttack, Puri and Balasore will be 34·13, but owing to temporary concessions will not be fully realised till 1944-45; but the demand for 1932-33 has been put down at 34·08 (only Rs. 5,000 less than the ultimate estimated demand). This may, therefore, be accepted as the basic demand of ordinary land revenue from the three coastal districts. For the two other districts of Orissa, *viz.*, Sambalpur and Angul, the following are the relevant figures of past years—

Year.	Angul and Khondmals.	Sambalpur.
1927-28	1·17	2·96
1928-29	1·57	3·09
1929-30	1·65	3·19

Here again the figures of 1927-28 are not comparable with those for the later years. The somewhat sudden increase of 0·40 in Angul in 1928-1929 was due to revision of settlement in Government Estates and the steady increase in Sambalpur is due to the progressive increment of zamindari assessment in that district. It will, therefore, serve no useful purpose merely to take the average of the three years. As a ready expedient, we may take as our basic figure of revenue in these two districts at 99 per cent. of the demand for 1929-30. (The actual collection percentage in that year in the two districts was 99·99 and 99·76 respectively.) The demand for that year being 4·85, the basic figure may be taken as 4·80. The total amount of ordinary land revenue which the new Government may therefore expect comes to 38·88.

9. The average receipts of Orissa for the three years 1927-28 to 1929-30 include 1·92 representing recoveries on account of Survey and settlements. These are merely recoveries of the cost of survey and settlement undertaken by Government on behalf of such non-Government bodies as municipalities, etc.

The terms governing such recoveries vary in each case, according to the previous agreement between the Government and the local body; but in no case does the recovery exceed the actual cost, though in some cases, Government may and does sometimes agree to bear a portion. As on the terms most favourable to Government, the recoveries shown on the revenue side will be counterbalanced by a similar figure on the expenditure side and as there is no regular demand for such surveys, the receipts on this account may be left out of our basic figures on either side.

10. The figure of land revenue is therefore calculated as below :—

Ordinary land revenue	38·88
Other receipts	1·55
Total ..	40·43

B.—*Expansion.*

11. There is no scope for expansion of revenue under this head. The only direction in which Government could expect increased revenue is revision of temporarily settled areas; but as the settlement operations are just closing, there will be no new settlements in these areas till 1957.

(2) VIZAGAPATAM.

A.—*Basic figure.*

12. The greater portion of the district which is to go to the new province forms what is known as the Jeypore Estate belonging to the Maharaja. The estate is under the permanent settlement system. He also pays land revenue in respect of a portion of the Pachipenta Estate. In addition, there are also some miscellaneous land revenue collections. The actuals of the four years are given below :—

Year.	Jeypore Estate.	Jeypore portion of Pachipenta Estate.	Miscellaneous land revenue.	Total.
	Rs.	Rs.	Rs.	Rs.
1927-28	20,485	1,890	315	22,690
1928-29	20,485	1,890	7,285	29,660
1929-30	20,484	1,890	688	23,062
1930-31	20,484	1,890	981	23,355
Total ..	..	..	..	98,767
Average ..	..	..	..	24,692

13. In addition, the following amounts were also recovered as land revenue in the years concerned from the two estates—

	Rs.
1927-28	1,18,366
1928-29	1,17,919
1929-30	1,17,919
1930-31	1,17,918
Total ..	4,72,122
Average ..	1,18,030

But this is really local cess which is collected by Government in the first instance and subsequently paid to the Agency Local Board. It is not, therefore, land revenue proper which ultimately remains with Government and should, therefore, be altogether neglected for our purpose. The basic figure of land revenue may, therefore, be put at Rs. 24,692 or 0·25.

B.—*Expansion.*

14. As the whole area is under the permanent settlement system, there is no expansions of revenue—

Basic figure	0·25
Expansion	*Nil.*
Total ..	0·25

(3) GANJAM.

A.—*Basic figure.*

Year.	Net revenue.	Recoveries on account of Survey and Settlement charges.	Balance of revenue.
1927-28	10·94	..	10·94
1928-29	12·26	1·55	10·71
1929-30	12·12	0·72	11·40
Total ..	35·32	2·27	33·05
Average ..	11·77	0·76	11·02

15. We have omitted the sums recovered on account of survey and settlement charges, because they represent charges realised by Government from the zamindars or tenants of zamindari estates. The average land revenue proper in the three years concerned is thus 11·02 which may be adopted.

B.—*Expansion.*

16. There will be no revision of settlement in temporarily settled areas till 1938-39. Expansion is, therefore, *nil* for about ten years after separation and it is too early now to predict the probable increase of revenue after the next settlement.

Summary.

17.

(1) ORISSA.	
Basic revenue	40·43
Expansion	*Nil.*
(2) VIZAGAPATAM.	
Basic revenue	0·25
Expansion	*Nil.*
(3) GANJAM.	
Basic revenue	11·02
Expansion	*Nil.*
Total basic revenue ..	51·70
Total expansion ..	*Nil.*

VI—EXCISE.

(1) ORISSA.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Country spirits	86·64	3·73	79·76	4·05	80·38	3·78
Country fermented liquor ..	26·85	0·83	28·27	0·91	28·99	0·89
Wines and spirits (other than beer, medicated wine and commercial spirits) ..	0·77	0·08	0·93	0·07	0·85	0·09
Receipts from commercial spirits	0·08	(276)	0·03	0·01	0·03	(333)
Opium	35·10	22·82	35·66	23·49	35·74	23·61
Hemp and other drugs ..	46·29	5·08	44·64	5·84	45·05	5·89
Fines, confiscations and miscellaneous	1·42	0·09	0·60	0·09	0·71	0·07
Recoveries of overpayments ..	..	..	0·01	(181)	0·03	(95)
Collection of payments for services rendered	..	..	..	..	..	..
Deduct—Refunds	0·74	0·11	0·64	0·08	0·97	0·08
Net revenue ..	196·41	32·52	189·26	34·38	190·81	34·25

A.—*Basic figure.*

18. The average receipts in Orissa proper during the three years are thus 33·72 including receipts from the sale of opium. Since 1929-30, however, the excise revenue in the province has dropped considerably as the following figures will show:—

1930-31 (Actuals)	142·09
1931-32 (Revised)	120·00
1932-33 (Budget)	120·00

The decrease since 1929-30 is due chiefly to the fall in the price of agricultural products and the consequent fall in wages and also in part to political propaganda which has resulted in a great increase in illicit distillation.

19. The future course of excise revenue is difficult to estimate. Assuming that prices remain low but that there is some improvement in the coal trade and in general prosperity, that illicit distillation is curtailed and that political attacks are not made on the revenue, the Government of Bihar and Orissa have estimated that in the quinquennium from 1933-34 to 1937-38 the excise revenue for the entire province will not exceed 135·00 in any year. On this basis, the excise revenue in Orissa, for a few years after its separation, may be taken to be 28·79.

B.—*Expansion.*

20. It is probable that as the world-wide trade depression passes away, prices will rise somewhat, but we do not consider that it would be safe to assume that the excise revenue in Orissa will, for many years to come, exceed 30·50. We accordingly propose to allow 1·71 under expansion.

Basic revenue	28·79
Expansion	1·71
Total ..	30·50

(2) VIZAGAPATAM.

Receipts.	1927-28.	1928-29.	1929-30.	1930-31.
Revenue derived from arrack	2·78	2·41	2·59	2·26
Country spirits	..	..	..	0·32
Ganja	0·11	0·13	0·17	0·17
Miscellaneous	(170)	(140)	(84)	(315)
Contributions	..	..	..	0·01
Rents of opium shops and miscellaneous ..	0·39	0·34	0·43	0·24
Total ..	3·28	2·88	3·19	3·00

A.—*Basic figure.*

21. The average of the four years is 3·09. It does not, however, include the sale-proceeds of excise opium. The average sales of opium in the four years have been 3,612 seers The cost price of opium since 1927-28 is steadily falling and now it is Rs. 18-7-0 per seer and the sale price is Rs. 80. The difference is the net gain to Government. In the accounts, it is customary to show separately the cost price of opium and the duty (or net profit) on excise opium. As the cost price will thus swell both the receipts and the expenditure (though not in equal amounts), the cost price may be omitted from both the sides and only the duty on excise opium may be considered as the actual net revenue to Government, *i.e.*, Rs. 61-9-0 per seer. 2·22, being the net revenue on excise opium should, therefore, be added to the average of other receipts. The basic revenue may, therefore, be put at 5·31.

B.—*Expansion.*

22. There is not much scope for additional revenue. The introduction of the central distillery system in other areas may bring in more revenue; but it will be largely counterbalanced by decrease in shop rents and increase in expenditure on account of excise staff necessary for regulating the supply and distribution of country liquor and for the prevention of illicit distillation. It is possible to raise the sale price of excise opium to Rs. 90 per seer as in the Orissa division, but it is highly doubtful whether this would result in any increase of revenue. In any case, we think, that in view of the history of "Excise" in recent years throughout most of India, it would be unsafe to anticipate any enhancement of the figure for basic revenue which we have taken at 5·31.

(3) GANJAM.

Year.	Net receipts.	Cost price of opium.	Balance of revenue.
1928-29	9·90	0·78	9·12
1929-30	10·44	0·88	9·56
1930-31	9·30	0·72	8·58
Total ..	29·64	2·38	27·26
Average ..	9·88	0·79	9·09

A.—*Basic figure.*

23. The net receipts contain the sale price of opium. For reasons given in the notes on Vizagapatam, the cost price of opium is omitted. The average of the balance of revenue is 9·09 which may be accepted. Expansion is ***nil.***

Summary.

24.

(1) ORISSA.

Basic revenue	28·79
Expansion	1·71

(2) VIZAGAPATAM.

Basic revenue	5·31
Expansion	*Nil.*

(3) GANJAM.

Basic revenue	9·09
Expansion	*Nil.*
Total basic revenue	43·19
Total expansion	1·71

VII.—STAMPS.

(1) ORISSA.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
A. Non-Judicial stamps—						
Sale of stamps	24·74	2·53	24·63	2·27	24·10	2·43
Duty on Impressing documents	0·18	0·01	0·38	0·01	0·92	0·01
Fines and penalties ..	0·22	0·02	0·16	0·02	0·16	0·04
Miscellaneous	(87)	(66)	0·01	(145)	0·01	(136)
Less—Refunds	0·84	0·03	0·58	0·03	0·48	0·01
Net total Non-Judicial stamps revenue.	24·30	2·53	24·60	2·27	24·71	2·47
B. Judicial—						
Sale of stamps	84·20	10·34	84·54	11·40	87·01	10·86
Sale of plain paper ..	1·55	0·18	1·46	0·15	..	..
Fines and penalties ..	0·06	(471)	0·06	0·01	0·05	(458)
Miscellaneous	0·03	0·03	0·04	0·04	0·05	0·02
Less—Judicial refunds ..	0·39	0·04	0·32	0·02	0·48	0·03
Net Judicial stamps revenue	85·45	10·51	85·78	11·58	86·63	10·85
Total Stamp revenue ..	109·75	13·04	110·38	13·85	111·34	13·32

A.—*Basic figure.*

25. Included in the revenue from the sale of Non-Judicial stamps for the whole province is a sum of 1·15 which the Bihar and Orissa Government annually receives from the Central as its share of the sale-proceeds of unified stamps (postage) used for revenue purposes. The Bihar and Orissa Government, in 1930-31 and 1931-32, budgetted for 1·35 on this account in view of the contemplated revision of the contribution from the Government of India. The amount received from the Government of India in 1930-31 was only 1·15. Orissa's share of the sale of ordinary Non-Judicial Stamps has been 10·3 per

cent. of the total sales in the province. The total contribution on account of unified stamps on the basis of the latest actuals being 1·15, 0·12 may be taken as Orissa's share of this contribution.

26. In 1930-31, an Act known as the 'Motor Vehicles Taxation Act' was passed. The receipts under this Act are collected by means of Non-Judicial Stamps. The accounts do not show separately the resulting increase of revenue in Orissa ; but Government adopted a revised estimate for the whole province of 1·28 for 1930-31 and the budget for 1931-32 was 5·14. The actual revenue for three months of 1931 in the Orissa division was Rs. 45,549 and for the calendar year 1931 Rs. 66,011 and allowing for some increase from this source owing to the increasing popularity of motor vehicles, it is estimated that Orissa's revenue for a full year will be 0·75 which must, therefore, be added to the basic estimate of the revenue of Orissa division.

27. The average stamp revenue of Orissa, on the basis of three years actuals, is 13·40. The actual revenue for the whole province in 1930-31 was, however, 107·80, both the revised for 1931-32 and the budget for 1932-33 being estimated at the still lower figure of 105·00. Since 1929-30, receipts from 'Judicial Stamps' have dropped by 8 per cent. and those from 'Non-Judicial Stamps' by nearly 16 per cent. The drop in the receipts from 'Judicial Stamps' is due to the fact that the economic condition of the population has led to a decrease in litigation and the fall under 'Non-Judicial' is due to a fall in the value of agricultural land. Both these factors are very likely to persist for some years after the separation of Orissa and after making due allowance for them, we cannot put the probable annual average receipts in Orissa under this head in the immediate future at a figure higher than 12·74.

28. The average figure, however, includes an average of 0·11 on account of "Sale of Plain Paper", receipts from which have since 1929-30 been credited to the head "XXXIV.—Stationery and Printing" as a result of a change of classification. Deducting this amount from the average calculated above, the net average comes to 12·63. The basic revenue of Orissa may, therefore, be put at 13·51 as follows :—

Average revenue	.. 12·63
Orissa's share of contribution on account of unified postage stamps.	0·12
Estimated receipts from Motor Vehicles Taxation Act ..	.. 0·75
Total	.. 13·50

B.—*Expansion.*

29. We expect, however, that for reasons noted above, there will eventually be some rise in the price level and that the consequent improvement in the economic condition of the population and increase in the value of agricultural land will raise the revenue of the new province under this head. We put the figure of ultimate expansion roughly at 0·67.

Basic revenue	.. 13·50
Expansion	.. 0·67
Total	.. 14·17

(2) VIZAGAPATAM.

Year.	Non-Judicial.	Judicial.	Total.
1927-28	0·16	0·24	0·40
1928-29	0·18	0·28	0·46
1929-30	0·23	0·27	0·50
1930-31	0·20	0·26	0·46
Total ..	0·77	1·05	1·82

A.—*Basic figure.*

30. The average is 0·46. The Madras Government expects in 1932-33 a fall in stamp revenue of 10·00 or about 5 per cent. over the actuals of 1930-31. We may accordingly reduce the average receipts of the Jeypore Agency to 0·43 to which also must be added 0·05 being the share of unified stamps which the Madras Government annually gets from the Central Government and 0·03 on account of the sale of judicial stamps in the court of the Agency Sub-judge at Vizagapatam. The basic revenue may, therefore, be put at 0·51. Expansion is *nil.*

(3) GANJAM.

Year.	Non-Judicial Stamps.	Judicial Stamps.	Total.
1927-28	1·26	2·14	3·40
1928-29	1·36	1·92	3·28
1929-30	2·00	1·44	3·44
Total ..	4·62	5·50	10·12
Average ..	1·54	1·83	3·37

A.—*Basic figure.*

31. Since 1929-30, the revenue from stamps has tended to fall, and we do not think that a figure higher than 3·15, to which must be added 0·18 as the share of unified stamps, can safely be taken. The basic revenue is, therefore, 3·33. Expansion is *nil.*

Summary.

32.

(1) ORISSA.	
Basic revenue	13·50
Expansion	0·67
(2) VIZAGAPATAM.	
Basic revenue	0·51
Expansion	*Nil.*
(3) GANJAM.	
Basic revenue	3·33
Expansion	*Nil.*
Total basic revenue	17·34
Total expansion	0·67

VIII.—FORESTS.

(1) Orissa.

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Timber and other produce removed from the forests by Government Agency.	0·25	0·05	0·40	0·06	0·22	0·07
Timber and other produce removed from the forests by consumers or purchasers.	9·35	3·50	10·38	3·82	9·25	3·96
Drift and waifwood and confiscated forest produce.	0·01	0·01	0·01	(421)	0·01	(308)
Miscellaneous	0·30	0·13	0·32	0·14	0·34	0·15
Less—Refunds	0·52	0·03	0·14	0·01	0·43	0·11
Total Forest revenue ..	9·39	3·66	10·97	4·01	9·39	4·07

A.—*Basic figure.*

33. The average of Orissa revenue is 3·91. Since 1929-30, however, Forest revenue in the province has dropped considerably as the following figures will show :—

1930-31 (Actuals)	8·13
1931-32 (Revised)	6·13
1932-33 (Budget)	7·28

The post-war boom was responsible for a very noticeable increase in the Forest revenue which up to 1925-26 was roughly double the pre-war revenue. Since that year, a drop has occurred, greatly accelerated in the last two years by the collapse of the timber market. Assuming that the price of timber will fall to pre-war levels, but that there will be some improvement in demand in course of time, the Government of Bihar and Orissa have estimated that the average Forest revenue of the province during the years 1935-36 to 1937-38 will be about 6·25. On this basis, the probable receipts from this source of revenue in Orissa proper may be roughly taken at 2·65. We propose to take this figure as the basic revenue of Orissa from Forests after its separation.

B.—*Expansion.*

34. We think, however, that as the world recovers from the present trade depression there will be some improvement in the price of timber, but we do not consider that it will be safe to assume that the forest revenue in Orissa will, for many years to come, exceed 3·25. We, therefore, propose to allow 0·60 under "Expansion".

Basic revenue	2·65
Expansion	0·60
	3·25

35.

(2) VIZAGAPATAM.

Receipts	*Nil.*
Expansion	*Nil.*

(3) GANJAM.

36. The revenue district of Ganjam is divided into two forest divisions, *viz.*, the Ganjam Forest Division including the Balliguda Agency Forests under a Divisional Forest Officer and the Parlakimedi Malliahs Forest Division under a Special Forest Officer. The forests in the Chicacole, Sompeta and Tekkali areas are not of much importance. Forest revenue in recent years has been :

Year.	Ganjam Forest Division.	Parlakimedi Malliahs Forest Division.	Total.
1927-28	1·57	0·40	1·97
1928-29	1·86	0·54	2·40
1929-30	1·35	0·53	1·88
Average	..	..	2·08

A.—*Basic figure.*

37. The revenue from the Ganjam Forest Division in all these years has been abnormally heavy on account of the timber supplied departmentally to the Russelkonda Saw Mill which has been closed as it was not a paying concern. The figures of past actuals are not, therefore, a guide for future estimates. It would be difficult, however, to exclude all figures concerned with the Russelkonda Saw Mill; because the accounts show a fixed rate of annas 4 to 5 per cubic foot of logs delivered to the Mill and the expenditure for felling and delivery of the logs was booked along with the other expenditure of the district. Moreover, the timber in logs shown as supplied to the Mill did not take into account large quantities of timber rejected by the Mill as unsuitable and in order to meet the requirements of the Mill, the normal activities of the department in the Ganjam Forest Division were curtailed. For our estimate of the future revenue, therefore, we must rely so far as the Ganjam Forest Division is concerned largely on the working plan estimates for the Gumsur area which used to supply timber to the Saw Mill. For other areas, past actuals will suffice.

Estimated revenue from Gumsur	0·94
Average of past actuals from Berhampur Range	0·06
Average revenue from Balliguda Range	0·02
Average revenue from unresumed lands	0·21
Average revenue from Parlakimedi Malliahs Division	0·47
Total ..	1·70

The total is 1·70 which may be accepted as basic revenue.

B.—*Expansion.*

38. As the basic revenue is calculated mainly on the estimates of the working plans, expansion which is a forecast of increase in the future is *nil.* It is thought that in course of time, the Balliguda forests may yield a fair

revenue from the supply of sleepers to the Bengal Nagpur Railway which has recently opened a line to Raipur. But we have not sufficient data for a forecast of the amount likely to be realised.

Summary.

39.

(1) ORISSA.

Basic revenue	2·65
Expansion	0·60

(2) VIZAGAPATAM.

Basic revenue	*Nil.*
Expansion	*Nil.*

(3) GANJAM.

Basic revenue	1·70
Expansion	*Nil.*
Total basic revenue	4·35
Total expansion	0·60

IX.—REGISTRATION.

(1) ORISSA.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Fees for registering documents	15·27	1·55	15·56	1·49	15·52	1·60
Fees for copies of registered documents ..	0·53	0·05	0·55	0·05	0·61	0·05
Miscellaneous	0·96	0·09	0·96	0·08	0·96	0·07
Less —Refunds ..	0·02	(227)	0·03	(204)	0·02	(111)
Net Revenue ..	16·74	1·69	17·04	1·62	17·07	1·72

A.—*Basic figure.*

40. The average of receipts in Orissa during the three years is thus 1·68. Since 1929-30, however, the receipts under 'Registration' have fallen considerably as the following figures will show :—

1930-31 (Actuals)	14·53
1931-32 (Revised)	13·00
1932-33 (Budget)	13·00

The fall since 1929-30 is due partly to a drop in presentations and partly to a considerable drop in the value of agricultural land. Assuming that prices and consequently the value of agricultural land remain low but that as conditions adjust themselves to the present range of prices there is a small and

gradual increase in trade and in the general prosperity of the people, the Government of Bihar and Orissa have estimated an average revenue of 13·00 under this head during the next quinquennium. On this basis, the receipts in Orissa under this head, for a few years after its separation, may be taken to be 1·29.

B.—*Expansion.*

41. We think, however, that with more settled conditions and some rise in the general level of prices, as the world recovers from the present trade depression, the revenue from Orissa under this head might in future reach the figure of the average receipts for the three years for which actuals have been given above.

Basic revenue	1·29
Expansion	0·39
Total ..	1·68

(2) VIZAGAPATAM.

42. The Registration Act does not apply to the Agency areas. When a document affecting properties both in the plains and the Agency is registered, a note is appended to it by the department that the act of registration does not confer any additional rights in the Agency property.

B.—*Expansion.*

43. There are, however, proposals for the formation of new Agency sub-districts at Gunupur, Koraput, Jeypore and Nowrangpur with the respective Tahsildars as ex-officio sub-registrars. Considering, however, the restrictions that apply to the transfer of properties in Agency tracts, there are no expectations of large revenue accruing to Government. It may, therefore, be assumed that the revenue will cover the expenditure and leave a small surplus to Government. 0·05 is therefore taken under expansion.

Basic revenue	*Nil.*
Expansion	0·05

(3) GANJAM.

A.—*Basic figure.*

44. The Registration Act does not apply to Agency tracts. There is a District Registrar at Berhampore and 16 sub-registry offices in the whole district of which five will remain in Madras after separation. Revenue in recent years has been as follows:—

1927-28	0·62
1928-29	0·44
1929-30	0·61
Total ..	1·67

or an average of 0·56 which is taken as basic figure. Expansion is *nil.*

Summary.

45.

(1) ORISSA.

Basic revenue	1·29
Expansion	0·39

(2) VIZAGAPATAM.

Basic revenue	*Nil.*
Expansion	0·05

(3) GANJAM.

Basic revenue	0·56
Expansion	*Nil.*
Total basic revenue	1·85
Total expansion	0·44

XIII.—IRRIGATION RECEIPTS.

(1) ORISSA.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Direct receipts (productive)	..	..	..	..	..	..
Direct receipts (unproductive)	40·99	7·55	41·09	9·29	38·77	8·74
Deduct—Refunds	0·07	0·02	0·12	0·06	0·17	0·07
Net direct revenue	40·92	7·53	40·97	9·23	38·60	8·67

A.—*Basic figure.*

46. The Orissa Canals combining Irrigation and Navigation were designed and partly constructed by the East India Irrigation and Canal Company who entered into a contract with the Secretary of State in 1862, and surrendered it in 1868, while the works were still incomplete, on payment by the Government of India of the sum of £1,192,000. The works were completed from funds supplied by the Government of India at a total capital cost of 271·87, the interest charges on which now amount to Rs. 8·50 a year. The revenue from Irrigation and Navigation has never been sufficient to contribute anything towards the payment of interest charges and generally barely suffices to cover the working expenses.

The liability for the payment of the interest charges has fallen upon the local Government since 1921-22, the year of Devolution, and when submitting a memorandum to the Statutory Commission in the year 1929, the Bihar and Orissa Government represented that this charge constituted a

hardship from which it asked to be relieved. When submitting a copy of the report of the Orissa Flood Committee of 1928 they renewed this request and drew attention to the inability of the local Government to give effect to the more expensive recommendations of the Committee.

47. There is no possibility of the Orissa Canals ever paying anything towards the interest charges on their capital cost. The canals are now hardly used at all for navigation and the receipts from irrigation have fallen far short of the original estimates. It has also been necessary to abandon some portions of the Canal system in order to reduce the floods to which Orissa is liable. A forecast of probable revenue from Irrigation and Navigation Canals in Orissa cannot therefore be suitably made from an examination of the returns of past years especially as it has very recently—in October 1931—been decided by Government to reduce the water rates as well as to abandon some of the canals concerned with both irrigation and navigation. A forecast of the estimated revenues from the canals on the basis of the reduction of water rates recently sanctioned by the Bihar and Orissa Government shows that the total revenue that may be immediately realised from water rates will be 6·42.

It is expected that the reduction in water rates will again bring under lease a considerable area in future years and this will add about 1·00 to the estimated revenue of 6·42 above, so that the irrigation receipts from water rates may be put at 7·42. In addition there are also other receipts arising from canals which have not been affected by the change in the water rates. These additional receipts in recent years were as follows :—

	1927-28.	1928-29.	1929-30.	1930-31.
	Rs.	Rs.	Rs.	Rs.
Navigation	85,031	90,168	86,291	85,355
Sale of water	295	461	675	375
Plantations	12,728	15,185	13,428	6,609
Water power	..	..	..	..
Other Canal produce	7,415	12,353	10,446	16,234
Rent of buildings	6,695	7,004	6,552	4,357
Recoveries of expenditure	..	..	..	1,267
Fines	..	831	..	..
Miscellaneous	41,042	47,834	51,403	35,883
Receipts from Workshops	..	1,408	2,148	1,774
Total ..	1,53,206	1,75,244	1,70,943	1,51,854

The average is Rs. 1,62,813 or 1·63 which when added to 7·42 representing water rate receipts gives a total revenue of 9·05 as basic receipts. This figure, however, includes 1·00 as increased receipts anticipated in consequence of a larger area being brought under cultivation. In view of the trade depression and the low prices now prevailing, an increased revenue of 1·00 cannot be expected immediately after separation ; as, however, there is some hope that prices will ultimately rise, a total of 9·05 may be accepted. Expansion is *nil*.

48.

(2) VIZAGAPATAM.

Receipts	..	..	.	.	..	*Nil.*
Expansion	..	..	..	.	..	*Nil.*

(3) GANJAM.

49. Irrigation receipts excluding land revenue due to irrigation (which has been shown as land revenue).

Items.	1927-28.	1928-29.	1929-30.	1930-31.	Average.
A.—Irrigation works—Rushikulya system	0·03	0·02	0·04	0·03	0·03
B.—Navigation, Embankment and drainage works—Ganjam Gopalpore Canal	(163)	(201)	0·06	0·07	0·06
Total ..	0·03	0·02	0·10	0·10	0·09

A.—*Basic figure.*

50. In the case of Ganjam Gopalpur Canal, 0·06 is the average of only the last two years. Average is 0·09 which we take as basic revenue. Expansion is *nil.*

Summary.

51.

(1) ORISSA.

Basic revenue	..	..	..	..	..	9·05
Expansion	..	..	..	..	..	*Nil.*

(2) VIZAGAPATAM.

Basic revenue	..	..	..	..	..	*Nil.*
Expansion	..	..	..	..	..	*Nil.*

(3) GANJAM.

Basic revenue	..	..	..	..	..	0·09
Expansion	..	..	..	..	..	*Nil.*
				Total basic revenue	..	9·14
				Total expansion	..	*Nil.*

XIV.—MISCELLANEOUS IRRIGATION RECEIPTS.

(1) ORISSA.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Irrigation Works ..	0·09	..	0·11	..	0·09	..
Navigation	0·09	0·09	0·12	0·12	0·13	0·13
Embankments ..	0·96	0·01	0·91	0·03	0·92	0·02
Deduct—Refunds ..	..	..	..	..	0·01	0·01
Total ..	1·14	0·10	1·14	0·15	1·13	0·14

A.—*Basic figure.*

52. The average of Orissa receipts is 0·13 which may be adopted as basic figure.

B.—*Expansion.*

Expansion is *nil.* On the other hand, there may be some fall in embankment receipts owing to the demand for removing or lowering some of the embankments; but the receipts on this account are so very small that the basic figure need not be disturbed.

Basic figure	0·13
Expansion	..
Total ..	0·13

53.

(2) VIZAGAPATAM.

Receipts	*Nil.*
Expansion	*Nil.*

(3) GANJAM.

A.—*Basic figure.*

54. Receipts are insignificant. They were Rs. 103 in 1927-28, Rs. 120 in 1928-29 and in 1929-30. Basic revenue may, therefore, be taken as *nil.* Expansion is also *nil.*

Summary.

55.

(1) ORISSA.

Basic revenue	0·13
Expansion	*Nil.*

(2) VIZAGAPATAM.

Basic revenue	*Nil.*
Expansion	*Nil.*

(3) GANJAM.

Basic revenue	*Nil.*
Expansion	*Nil.*
Total basic revenue ..	0·13
Total expansion ..	*Nil.*

XVII.—ADMINISTRATION OF JUSTICE.

(1) Orissa.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Sale-proceeds of unclaimed or escheated property	0·12	0·04	0·22	0·02	0·09	0·02
Court fees realised in cash	0·58	0·04	0·60	0·04	0·56	0·10
General fees, fines and forfeitures	4·36	0·60	4·11	0·58	3·91	0·57
Pleadership examination fees	0·19	0·02	0·18	0·01	0·13	0·01
Miscellaneous fees and fines	0·33	0·04	0·36	0·09	0·51	0·10
Miscellaneous	0·58	0·08	0·59	0·04	0·65	(452)
Recoveries of overpayments	0·06	(150)	0·10	(40)	0·13	(1)
Collection of payments for services rendered ..	..	..	..	..	..	..
Deduct—Refunds ..	0·84	0·07	0·80	0·10	0·57	0·08
Total Revenue ..	5·38	0·75	5·36	0·68	5·41	0·72

A.—*Basic figure.*

56. The average of Orissa receipts is 0·72. The actuals for 1930-31, for the whole province 5·12 and the Budget for 1931-32, 5·29 indicate a slight decrease in receipts due to trade depression ; but the decrease is so small that there are no solid grounds for departing from the average of 0·72 as the basic receipts of Orissa. There is however only one Civil and Sessions Judge at Cuttack with jurisdiction over Cuttack, Puri and Balasore. Sambalpur is under the Judge at Purulia who has jurisdiction over Sambalpur, Manbhum and Singbhum. The fees and other receipts realised in respect of Sambalpur are thus credited in Purulia (outside Orissa). It is estimated that after separation the Sambalpur receipts which will accrue to Orissa will be 0·13 bringing the total receipts to 0·85. But this figure includes 0·01 on account of Pleadership Examination Fees which properly pertain to Bihar as the examination is held by the Patna High Court and all the corresponding charges are debited to Bihar. The basic figure may therefore be taken at 0·84.

Average receipts in Orissa	0·72
Sambalpur receipts credited at Purulia	0·13
Less—Pleadership Examination Fees	—0·01
	0·84
Expansion	*Nil.*

(2) VIZAGAPATAM.

1927-28	0·11
1928-29	0·28
1929-30	0·13
1930-31	0·10
Total ..	0·62

A.—*Basic figure.*

57. The average is 0·15. But in 1928-29 the receipts were abnormally high. Excluding this year, the average of other years is 0·11 which may be accepted. Expansion is *nil.*

(3) GANJAM.

1927-28	0·21
1928-29	0·24
1929-30	0·29
Total ..	0·74

A.—*Basic figure.*

58. The average of 0·25 may be taken as basic receipts. Expansion is *nil.*

Summary.

59.

(1) ORISSA.

Basic revenue	0·84
Expansion	*Nil.*

(2) VIZAGAPATAM.

Basic revenue	0·11
Expansion	*Nil.*

(3) GANJAM.

Basic revenue	0·25
Expansion	*Nil.*
Total basic revenue ..	1·20
Total Expansion ..	*Nil.*

XVIII.—JAILS AND CONVICT SETTLEMENTS.

(1) ORISSA.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Jail receipts	0·13	0·07	0·16	0·05	0·12	0·01
Jail manufactures ..	5·07	0·30	6·30	0·27	7·13	0·26
Recoveries of overpayments	0·01	(189)	0·01	(212)	0·09	(87)
Less—Refunds ..	(356)	(9)	(147)	(9)	(423)	..
Total receipts ..	5·21	0·37	6·47	0·32	7·34	0·27

A.—*Basic figure.*

60. A steady fall in receipts from 0·37 in 1927-28 to 0·27 in 1929-30 indicates that the receipts cannot be taken at a higher figure than the actuals in 1929-30 and considering also the recent fall in the general level of prices the basic figure of receipts may be taken as 0·25. There is no scope for expansion.

Basic revenue receipts	0·25
Expansion	..
	0·25

(2) VIZAGAPATAM.

61. There are 9 subjails under the Agent to the Governor and one special subjail at Koraput under the Inspector-General of Prisons. Receipts from the 9 subjails are practically *nil*. They were Rs. 154 in 1927-28, Rs. 30 in 1928-29 and Rs. 2 in 1929-30. The receipts of the Koraput subjail for the same years were :—

1927-28	0·01
1928-29	0·04
1929-30	0·02

A.—*Basic figure.*

62. These receipts pertain to the period when it was a district Jail with a larger number of prisoners. The receipts of 1927-28 are less than in later years as it was converted into a district jail only in that year. The average of the next two years is 0·03 which may be taken. Expansion is *nil.*

(3) GANJAM.

63. There is a district jail at Berhampore and a special subjail at Russelkonda, both under the Inspector-General of Prisons and a subjail in each Taluk under the District Magistrate. The capacity of the Berhampore jail is 280 and on an average the jail population is 240.

Items.	1927-28.	1928-29.	1929-30.
Jail Receipts	0·01	0·01	0·01
Jail Manufactures	0·05	0·05	0·05
Total ..	0·06	0·06	0·06

A.—*Basic figure.*

64. The average of 0·06 is taken as basic receipts. Expansion is *nil.*

Summary.

65.

(1) ORISSA.	
Basic revenue	0·25
Expansion	*Nil.*
(2) VIZAGAPATAM.	
Basic revenue	0·03
Expansion	*Nil.*
(3) GANJAM.	
Basic revenue	0·06
Expansion	*Nil.*
Total basic revenue ..	0·34
Total Expansion ..	*Nil.*

XIX.—POLICE.

(1) Orissa.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Police supplied to private companies	0·46	..	0·19	..	0·18	..
Cash receipts under the Arms Act	0·01	(79)	0·02	(43)	0·01	(68)
Fees, fines and forfeitures	0·47	0·06	0·51	0·07	0·50	0·07
Contribution for Railway Police	0·43	..	0·41	..	0·40	..
Recoveries of overpayments	0·10	0·01	0·13	(124)	0·38	(33)
Miscellaneous	0·56	0·03	0·63	0·07	0·87	0·13
General Police Award ..	0·01	..	(20)	..	..	..
Less—Refunds ..	0·06	(20)	0·02	(2)	0·04	(119)
	1·98	0·10	1·87	0·14	2·30	0·20

A.—*Basic figure.*

66. The average of Orissa receipts is 0·15. But this does not include Orissa's share in the Railway Police contribution to which it has a claim from the B. N. Railway. The Police arrangements on this Railway traversing the Bengal and Bihar and Orissa Provinces are at present under the administrative control of the Bihar and Orissa Government. The length of the line in the three provinces is as follows :—

	Miles.
Bengal	238
Bihar	638
Orissa	533
	1,409

The amount due from the Railway Company is a certain proportion of the actual expenditure on account of the Railway Police. The 1931-32 budget indicates that the proportion of the expenditure which Orissa and Bihar will have to bear is 40 : 56 and the contribution due from the Railway is 0·26. Orissa's share is therefore 0·11. The basic figure of receipts may therefore be put at 0·26 as follows :—

Average	0·15
Railway contribution	0·11
Basic figure	0·26
Expansion	*Nil.*

(2) VIZAGAPATAM.

1927-28	0·06
1928-29	0·05
1929-30	0·06
	0·17

A.—*Basic figure.*

67. The average is 0·06 which may be taken as basic revenue. Expansion is *nil.*

(3) GANJAM.

1927-28	0·10
1928-29	0·10
1929-30	0·11
	0·31

A.—*Basic figure.*

68. The average is 0·10 to which must be added contribution from B. N. Railway for Police arrangements on railways. Assuming that Bihar will take over the Railway Police of the portions of the Ganjam and Vizagapatam districts which are to go to the new province, 0·03 is the estimated contribution. The basic receipts may therefore be put at 0·13. Expansion is *nil.*

Summary.

69.

(1) ORISSA.

Basic revenue	0·26
Expansion	*Nil.*

(2) VIZAGAPATAM.

Basic revenue	0·06
Expansion	*Nil.*

(3) GANJAM.

Basic revenue	0·13
Expansion	*Nil.*
Total basic figure ..	0·45
Total expansion ..	*Nil.*

XX.—PORTS AND PILOTAGE.

(1) ORISSA.

Basic figure.

70. Both the expenditure and receipts in recent years under this head are connected with the minor port Balasore and are insignificant. Government have budgetted for an expenditure of Rs. 50 in 1930-31 and Rs. 20 in 1931-32 for a pilot at Balasore. Similarly the receipts budgetted for in the 2 years are Rs. 100 (Revised for 1930-31 and Budget 1931-32). The actuals are :—

Year.	Receipts. Rs.	Expenditure. Rs.
1927-28	27	180
1928-29	70	30
1929-30	*Nil.*	*Nil.*
1930-31	*Nil.*	100

All pertaining to Orissa Division. The expenditure may be regarded as covered by corresponding receipts. Expansion is *nil*.

71.

(2) VIZAGAPATAM.

Receipts	*Nil.*
Expansion	*Nil.*

(3) GANJAM.

72. Receipts are *nil*. Expansion is also *nil*.

73.

Summary.

Total basic revenue ..	*Nil.*
Total expansion ..	*Nil.*

XXI.—EDUCATION.

(1) ORISSA.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
A. University	2·29	0·60	2·46	0·53	2·52	0·56
B. Secondary	2·86	0·52	3·02	0·58	3·18	0·54
C. Primary	0·04	0·02	0·02	0·02	0·02	0·02
D. Special	0·07	(465)	0·26	(163)	0·20	(26)
E. General	1·09	0·08	1·33	0·44	1·41	0·25
Less—Refunds	0·02	0·01	0·05	0·01	0·04	0·01
Total ..	6·33	1·21	7·04	1·56	7·29	1·36

A.—*Basic figure.*

74. A large part of the receipts under "Special" is on account of the Reformatory School at Hazaribagh with which Orissa is not concerned.

The 'General' receipts include among other items contributions from Indian States, income from Endowments and Examination Fees. The actuals in recent years for the whole province were :—

	1927-28.	1928-29.	1929-30.
Contribution from Indian States ..	0·02	0·37	0·19
Income from Endowments.. ..	0·09	0·12	0·12
Examination fees	0·22	0·27	0·33

Of which, the corresponding receipts of the Orissa Division were :—

	1927-28.	1928-29.	1929-30.
Contribution from Indian States ..	..	0·36	0·18
Income from Endowments..	..	..	..
Examination fees	0·03	0·02	0·02

Contributions from Indian States are recoveries from the Orissa Feudatory States representing four-fifths of the expenditure of the Inspector of Schools in Orissa Division for inspection work in those States. The contribution due in 1927-28 was actually recovered in 1928-29. On the present basis, Government expect an average recovery of 0·12 per annum, *i.e.*, 0·06 less than in the three years concerned.

75. The new Government may also expect an average revenue of 0·01 on account of income from Endowments on the basis of the latest information.

76. The average receipts of Orissa as set out in the statement above are 1·38 and the basic revenue from this source may be taken at 1·33, *viz.* :—

Average receipts	1·38
Income from Endowments	0·01
Less—Contribution from Indian States	—0·06
Net Basic Revenue of Orissa ..	1·33

This is however on the supposition which we think may reasonably be made that the contribution from the Orissa Feudatory States will be continued even after the separation. Expansion is *nil*.

(2) VIZAGAPATAM.

	Rs.
1927-28	151
1928-29	215
1929-30	674
Total ..	1,040

A.—*Basic figure.*

77. The average is Rs. 346. The basic revenue may therefore be put as 0·01. Expansion is *nil*.

(3) GANJAM.

1927-28	0·02
1928-29	0·02
1929-30	0·03

A.—*Basic figure.*

78. The average is 0·02 which may be accepted. Expansion is *nil*.

Summary.

79.

(1) ORISSA.

Basic Revenue	1·33
Expansion	*Nil.*

(2) VIZAGAPATAM.

Basic revenue	0·01
Expansion	*Nil.*

(3) GANJAM.

Basic revenue	0·02
Expansion	*Nil.*
Total basic revenue ..	1·36
Total expansion ..	*Nil.*

XXII.—MEDICAL.

(1) ORISSA.

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Income from Endowments ..	0·01	..	0·01	..	(83)	..
Medical School and College fees ..	0·55	0·09	0·57	0·08	0·59	0·09
Hospital receipts	0·08	(239)	0·15	(282)	0·15	(331)
Radium Institute	0·14	..	0·10	..	0·06	..
Mental Hospital receipts ..	0·18	..	0·18	..	0·20	..
Sale of medicines	0·11	0·04	0·13	0·04	0·14	0·04
Contributions	0·90	0·05	0·62	0·07	0·02	0·01
Miscellaneous	0·07	0·05	0·14	0·01	0·31	0·02
Recoveries of overpayments ..	0·03	(47)	0·24	0·01	0·40	(251)
Collection of payments for services rendered	..	..	..	..	0·58	0·05
Less—Refunds..	0·01	..	0·02	(50)	(60)	..
Total ..	2·06	0·23	2·12	0·21	2·45	0·21

A.—*Basic figure.*

80. The small receipts on account of contributions in 1929-30 are due to a change in the classification of recoveries on account of the services of Sub-Assistant Surgeons lent to local bodies, which, in other years, were credited to the sub-head 'Contributions' but in 1929-30 were shown against 'Collection of payments for services rendered'. The change of classification does not, however, affect the total receipts.

Though the tendency is for the Orissa receipts to fall, we may take the average which is 0·21.

There is no scope for expansion of revenue.

Basic estimate of revenue	0·21
Expansion	..
Total ...	0·21

(2) VIZAGAPATAM.

81. The Medical institutions in the Jeypore Agency are of four different kinds. (*a*) Government institutions, (*b*) Local Fund Taluk headquarters institutions, (*c*) Other Local Fund institutions, and (*d*) Rural dispensaries. There is a Government Hospital at Koraput in charge of a Civil Assistant Surgeon and 10 Government dispensaries. Government bears the whole cost, except, that a sum of Rs. 1,000 is annually recovered from the Agency Taluk Board. There are 5 hospitals and 3 dispensaries at Taluk headquarters stations maintained by the Agency Local Board. The pay and allowance of the medical officers in charge of these institutions is entirely borne by Government, the local bodies concerned bearing the other charges. The Agency Board also maintains other 4 Local Fund Medical dispensaries for which Government pay half the recurring charges. The pay of the Sub-Assistant Surgeons is in the first instance borne by Government and the local bodies pay to Government contributions at the rate of Rs. 136-4-0 per month for each medical officer. There are also two rural dispensaries for which Government pays a subsidy. All these institutions are supervised by the Agency Civil Surgeon at Vizianagram.—

1927-28	0·07
1928-29	0·07
1929-30	0·06
Total ..	0·20

A.—*Basic figure.*

82. The average is 0·07 which may be accepted. Expansion is also *nil.*

(3) GANJAM.

83. Receipts are insignificant. Government recover at the rate of Rs. 136-4-0 per month per medical officer in charge of local board dispensaries and the recoveries are credited to this head of account. As these are just counterbalanced by corresponding expenditure on account of the pay of the medical officer the net receipts are practically *nil.* Expansion is also *nil.*

Summary.

84.

(1) ORISSA.

Basic revenue	0·21
Expansion	*Nil.*

(2) VIZAGAPATAM.

Basic revenue	0·07
Expansion	*Nil*

(3) GANJAM.

Basic revenue	*Nil*
Expansion	*Nil*
Total basic revenue ..	0·28
Total expansion ..	*Nil*

XXIII.—PUBLIC HEALTH.

(1) ORISSA.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Sale-proceeds of sera and vaccine	0·31	0·04	0·28	0·01	0·25	0·01
Collection of payments for services rendered	..	..	..	..	0·42	..
Recoveries of overpayments ..	(76)	(112)	0·27	..	0·01	..
Miscellaneous	0·06	(48)	0·60	(16)	0·06	(6)
Less—Refunds..	(20)	..	0·05	..	0·01	..
Total ..	0·37	0·04	1·10	0·01	0·73	0·01

A.—*Basic figure.*

85. A sum of Rs. 34,341 realised as recoveries of fees for work done by the Public Health Engineering Department on behalf of local bodies was taken in reduction of expenditure in 1927-28. The corresponding receipts in 1928-29 and 1929-30 were credited to the head "Miscellaneous" and to "Collection of payments for services rendered". Of these receipts, the share pertaining to Orissa was on account of the Puri Water Works. As that scheme has been completed, Orissa cannot expect large receipts on this account. A sum of 0·05 may, therefore, be taken as its future share.

So far as Orissa is concerned, the other receipts of this Department are practically negligible. Those on account of sera and vaccine represent simply the amounts credited by the local municipalities and local boards at the local treasuries on account of vaccines purchased from institutions in Bihar. There are no vaccine depots in Orissa. The basic figure of revenue may, therefore, be put at 0·05. Expansion is *nil*.

(2) VIZAGAPATAM.

A.—*Basic figure.*

86. Public Health activities are in the hands of both the Agency Local Board and Government. The whole area is divided into 7 ranges of which three are under Government management and the remaining 4 managed by the Board. Receipts are insignificant. Expansion is *nil.*

(3) GANJAM.

A.—*Basic figure.*

87. There are no appreciable receipts except occasional recoveries from vaccinators on account of the cost of vaccine. The receipts that appear in the accounts are largely the sale-proceeds of sera and vaccine lymph purchased by local bodies from the King Institute, Guindy.

Summary.

88.

(1) ORISSA.

Basic revenue	0·05
Expansion	*Nil.*

(2) VIZAGAPATAM.

Basic revenue	*Nil.*
Expansion	*Nil.*

(3) GANJAM.

Basic revenue	*Nil.*
Expansion	*Nil.*
Total basic revenue ..	0·05
Total expansion ..	*Nil.*

XXIV.—AGRICULTURE.

This head comprises three departments :—

Agriculture, Veterinary and Co-operative Credit.

(1) ORISSA.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Agricultural receipts	1·22	0·31	1·67	0·23	1·24	0·19
Veterinary receipts	0·95	0·11	1·04	0·13	0·16	0·08
Collection of payments for services rendered					1·09	0·05

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Recoveries of overpayments	0·07	(34)	(446)	(109)	0·24	(272)
Co-operative credit	..	..	(74)	..	(20)	..
Other receipts	(244)	(244)	..	..	..	..
Less—Refunds.. ..	(360)	..	0·03	(472)	(105)	..
Total receipts	2·24	0·42	2·68	0·36	2·73	0·32

A.—*Basic figure.*

89. A greater part of the receipts of the Veterinary Department is concerned with the recoveries on account of the services of Assistant and Sub-Assistant Veterinary Surgeons lent to District Boards and Municipalities. In the two years 1927-28 and 1928-29, these recoveries were taken as Veterinary receipts ; in 1929-30, owing to a change of classification they were taken to the newly created head—" Collection of payments for services rendered " which explains the small Veterinary receipts in 1929-30. The total receipts of the departments are not however affected.

The average Orissa receipts of this head of account are 0·37 to which must be added well-boring receipts of Orissa which on an average amount to 0·02.

B.—*Expansion.*

90. There is not much scope for expansion of revenue under this head. The three departments concerned with this head of account are spending rather than earning departments and any considerable increase will be more than counterbalanced by corresponding expenditure. Expansion is therefore *nil.*

Basic revenue	0·39
Expansion	*Nil.*
Total ..	0·39

(2) VIZAGAPATAM.

A.—*Basic figure.*

91. Agricultural receipts are *nil.* Veterinary receipts are insignificant. They were *nil* in 1927-28 and 1928-29 and Rs. 59 in 1929-30.

Co-operative receipts are practically insignificant. Expansion is also *nil.*

(3) GANJAM.

A.—*Basic figure.*

92. The agricultural receipts were 0·01 in each of the years 1927-28, 1928-29 and 1929-30. The receipts of the Veterinary and Co-operative Departments are insignificant. Basic receipts may be taken as 0·01. Expansion is *nil.*

Summary.

93.

(1) ORISSA.

Basic revenue	0·39
Expansion	*Nil.*

(2) VIZAGAPATAM.

Basic revenue	*Nil.*
Expansion	*Nil.*

(3) GANJAM.

Basic revenue	0·01
Expansion	*Nil.*
Total Basic revenue	0·40
Total expansion ..	*Nil.*

XXV.—INDUSTRIES.

(1) ORISSA.

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Industries	0·64	0·38	2·37	0·18	2·76	0·17
Recoveries of overpayment ..	(344)	(23)	0·03	0·01	0·27	0·05
Collection of payment for services rendered	..	..	..	..	0·10	(176)
Fisheries			0·01	0·01	0·01	0·01
Deduct—Refunds	(—6)	..	(—20)	(18)	(—41)	..
Total ..	0·64	0·38	2·41	0·20	3·14	0·23

A.—*Basic figure.*

94. The receipts of the latter two years are not comparable with those of 1927-28, in and up to which year, the sale-proceeds of articles manufactured at the various industrial schools and technical institutes were taken in reduction of expenditure. From 1928-29 they are being treated as direct receipts. The amount involved in 1927-28 was 1·56 for the whole province and 0·08 for Orissa.

95. The receipts 0·38 for Orissa in 1927-28 include 0·27 on account of a donation, in connection with the Prince of Wales visit, for the construction of the Orissa School of Engineering Building ; at the same time 0·08 being the sale-proceeds of articles manufactured in the Orissa School of Engineering was taken in reduction of expenditure. The correct receipts figure for 1927-28 of a normal nature is therefore :

Actual receipts	0·38
Deduct—Donation	—0·27
	0·11
Add—Sale-proceeds of manufactured articles	0·08
Add—Fees for services rendered	0·01
Receipts of 1927-28	0·20
Receipts of 1928-29	0·20
Receipts of 1929-30	0·23
	0·63

The average is 0·21.

96. The budgets for 1930-31 and 1931-32 for the whole province are put at 0·79 and 0·84 respectively. The fall in revenue is however only apparent and is due to the fact that the accounts of the Cottage Industries Institute, the Bhagalpur Silk Institute, the Gaya Wool Weaving Institutes as well as the accounts of the manufactures of cotton goods for the foreign market have been commercialised, the receipts being credited and the expenditure debited to a personal ledger account. The budgets for these two years, 1930-31 and 1931-32, do not therefore include any receipts from these institutions except a small sum of Rs. 6,000 which will be recovered from them as indirect charges for Government supervision, etc.

A separate Orissa will not perhaps elect to retain the commercialised system of accounts as the activities of this department in that division are not of much importance. It is therefore more convenient to base our estimates on the actuals of the three years concerned. Basic figure is therefore 0·21.

B.—*Expansion.*

97. There is already a demand for the establishment of a Cottage Industries Institute. If it is started, it is expected to bring in a revenue of 0·34.

Basic revenue	0·21
Expansion	0·34
	0·55

(2) VIZAGAPATAM.

98. Receipts are insignificant. Expansion is *nil.*

(3) GANJAM.

Receipts—	
1927-28	0·06
1928-29	0·06
1929-30	0·15
	0·27

A.—*Basic figure.*

99. They are on account of fees or other sums realised by the Industrial School at Ichapuram and from fisheries.

Average is 0·09 which may be accepted as basic revenue. Expansion is *nil.*

Summary.

100.

(1) ORISSA.

Basic revenue	0·21
Expansion	0·34

(2) VIZAGAPATAM.

Basic revenue	*Nil.*
Expansion	*Nil.*

(3) GANJAM.

Basic revenue	0·09
Expansion	*Nil*
Total basic revenue ..	0·30
Total expansion ..	0·34

XXVI.—MISCELLANEOUS DEPARTMENTS.

(1) ORISSA.

Items.	1927-88.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Fees for Registration of Trade Unions.	..	..	(10)	..	(3)	..
Examination fees	(285)	(24)	(445)	(305)	0·01	..
Miscellaneous	(520)	..	(21)	..	0·01	..
British Empire Exhibition ..	0·01	..	0·02	..	(399)	..
Less—Refunds	..	..	..	..	—	—
	0·01	..	0·02	..	0·02	..

A.—*Basic figure.*

101. The receipts under this head are practically *nil*. But since 1930-31, the receipts on account of motor vehicles are being credited to this head instead of to ' XXXV—Miscellaneous '. The receipts pertaining to Orissa on this account have averaged 0·07 which may therefore be taken as basic receipts. Expansion is *nil*.

(2) VIZAGAPATAM.

	Rs.
1927-28	406
1928-29	666
1929-30	958
Total ..	2,030

A.—*Basic figure.*

102. The average is Rs. 677 or 0·01. In later years, since the passing of the Madras Motor Vehicles Taxation Act, the receipts on this account are credited to this head. There are about 15 motor vehicles plying in the Jeypore Agency and about Rs. 1,500 or 0·02 more may be expected as Government revenue. Basic revenue is 0·03. Expansion is *nil*.

(3) GANJAM.

1927-28	0·07
1928-29	0·08
1929-30	0·07
Total ..	0·22

A.—*Basic figure.*

103. Average receipts—mainly from examination fees—are 0·07 to which may be added 0·04 as the net receipts from Motor Vehicles Taxation Act. The basic revenue may be taken as 0·11. Expansion is *nil.*

Summary.

104.

(1) ORISSA.

Basic revenue	0·07
Expansion	*Nil.*

(2) VIZAGAPATAM.

Basic revenue	0·03
Expansion	*Nil.*

(3) GANJAM.

Basic revenue	0·11
Expansion	*Nil.*
Total basic revenue ..	0·21
Total expansion ..	*Nil.*

XXX.—CIVIL WORKS.

(1) ORISSA.

	1927-28.	1928-29.	1929-30.
Receipts	0·52	0·68	0·77
Less—Refunds	(256)	(452)	0·01
	0·52	0·68	0·76

A.—*Basic figure.*

105. The average of Orissa receipts 0·65 may be accepted. The apparent rise in receipts in the later two years is on account of miscellaneous receipts which are of a very fluctuating nature and cannot always be relied on as a recurring source of receipts.

B.—*Expansion.*

106. Expansion is *nil.* House-rent recovered from Government officials is the chief item of revenue under this head and being strictly recovered according to rules regulating the pay and allowances of Government officials is not subject to rise or fall according to market conditions, etc.

(2) VIZAGAPATAM.

107. There were till recently two executive Divisions, *viz.*, the Vizagapatam Division and Koraput Division working in the Jeypore Agency area. In 1928-29, there was also another Division, the Narsapatam Division, which has since been abolished, the work having been made over to the other two Divisions. Some months back, even the portion of the Vizagapatam Division area

included in the Jeypore Agency—*viz.*, the Gunupur and Rayagadda sub-divisions—was added to the Koraput Division which alone now carries on the work in the Jeypore Agency. Two sub-divisions of the original Koraput Division have also been recently abolished.

	Gunupore and Rayagadda sub-division.	Jeypore Agency of the Koraput Division.	Total.
1927-28	..	1·26	1·26
1928-29	1·47	1·02	2·49
1929-30	0·44	0·92	1·36
Total ..	1·91	3·20	5·11
Average ..	0·64	1·06	1·70

A.—*Basic figure.*

108. Nearly the whole of these receipts came from road tolls. Since the passing of the Madras Motor Vehicles Taxation Act, tolls have been abolished and if the Act continues in its present form, Government cannot expect revenue to the extent of the average 1·70. It is understood that the Act is under revision and we think it may be safely assumed that this revision will ensure receipts under this head which may be taken at one lakh. Expansion is *nil.*

(3) GANJAM.

1927-28	0·02
1928-29	0·01
1929-30	0·03

A.—*Basic figure.*

109. That the receipts in 1928-29 appear as a *minus* quantity was mainly due to more refunds having been paid in that year to Government servants on account of house rent in consequence of the revision of the rules regulating the rents to be recovered. Omitting that year's figures the average is 0·03. Expansion is *nil.*

110. Since 1930-31 Provincial Governments receive subsidy from the Road Development Fund. The amount which Bihar and Orissa Government expect in 1931-32 and 1932-33 is put at 2·50 of which one-tenth is taken as Orissa's share. We do not think that the new Government can legitimately consider the subsidy as revenue proper as it is balanced by the actual expenditure on certain previously approved items of road communications. We have not allowed for such additional expenditure on the disbursement side. The receipts from the subsidy is therefore omitted from the receipts side of Orissa. This also holds good in the case of Vizagapatam and Ganjam districts.

Summary.

111.

(1) ORISSA.

Basic revenue	0·65
Expansion	*Nil.*

(2) VIZAGAPATAM.

Basic revenue	1·00
Expansion	*Nil.*

(3) GANJAM.

Basic revenue	0·03
Expansion	*Nil.*
Total basic revenue ..	1·68
Total expansion ..	*Nil.*

XXXIII.—RECEIPTS IN AID OF SUPERANNUATION.

(1) ORISSA.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Contributions for pensions and gratuities.	1·19	0·31	1·41	0·26	0·91	0·24
Miscellaneous	0·02	..	0·41	(26)	0·37	..
Deduct—Refunds	..	..	63	..	(407)	(25)
Total ..	1·21	0·31	1·82	0·26	1·28	0·24

A.—*Basic figure.*

112. These receipts represent mainly contributions made by local bodies towards the pensions of either Government servants lent to them or of primary school teachers. In addition to the Orissa receipts shown above, it may be that some small receipts are realised in Bihar on account of contributions towards the pensions of officers in respect of whom Orissa has a pensionary liability. Such receipts should properly be credited to Orissa ; but it is not possible to distinguish these receipts easily and in any case they are so small that they may be neglected. In the circumstances the average of 0·27 may be taken as the basic figure.

B.—*Expansion.*

113. It is not necessary to allow for any expansion of receipts under this head, as expansion of receipts also entails the undertaking of additional pensionary liabilities which will in the long run have the effect of counter-balancing the receipts.

(2) VIZAGAPATAM.

1927-28	0·08
1928-29	0·11
1929-30	0·07
1930-31	0·07
Total ..	0·33

A.—Basic figure.

114. The average is 0·08. A greater part of these receipts is on account of the Dewan of Jeypore Samasthanam. The average may be accepted. Expansion is *nil.*

(3) GANJAM.

1927-28	0·16
1928-29	0·16
1929-30	0·15
Total ..	0·47

115. The average is 0·16 which we adopt as basic figure. Expansion is *nil.*

Summary.

116.

(1) ORISSA.

Basic revenue	0·27
Expansion	*Nil.*

(2) VIZAGAPATAM.

Basic revenue	0·08
Expansion	*Nil.*

(3) GANJAM.

Basic revenue	0·16
Expansion	*Nil.*
Total basic revenue ..	0·51
Total expansion ..	*Nil.*

XXXIV.—STATIONERY AND PRINTING.

(1) ORISSA.

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Stationery receipts ..	0·08	..	0·06	0·01	0·09	(201)
Sale of gazettes and other publications.	0·34	(1)	0·40	..	0·40	(83)
Other Press receipts ..	0·46	0·03	0·46	0·06	0·55	0·06
Less—Refunds ..	(244)	..	(183)	..	0·01	..
Total Revenue ..	0·88	0·03	0·92	0·07	1·03	0·06

A.—Basic figure.

117. The average of Orissa receipts is 0·05 excluding receipts on account of plain paper. There is however no press or stationery office in Orissa. The above receipts pertaining to Orissa Division are therefore properly the receipts

of the Government Presses and Stationery Office in Bihar. If, however, Orissa has a Press of its own, after separation, 0·05 may be taken as the receipts which would probably accrue to it. This, however, does not include the receipts on account of plain paper. These receipts were credited to VII—Stamps in 1927-28 and 1928-29. It is only since 1929-30 that they are being credited to this head. These receipts in recent years were :—

1927-28	..	0·18
1928-29	..	0·15
1929-30	..	0·21
Total	..	0·54
Average	..	0·18

To the average of 0·05 on account of other receipts, 0·18 should be added bringing the total receipts to 0·23 which is therefore adopted as the basic figure. Expansion is *nil.*

(2) VIZAGAPATAM.

		Rs.
1927-28	..	756
1928-29	..	396
1929-30	..	408
1930-31	..	1,105
Total	..	2,665
Average	..	666

A.—*Basic figure.*

118. The receipts represent the subscription for the Government Gazette and the sale-proceeds of copies of Acts, etc. They cannot be considered as arising from the area under consideration, as there is neither a Press nor Stationery Office in that area. But the average receipts of Rs. 666 may be accepted as the basic revenue under this head of the new province, when it is formed, since it has been proposed elsewhere that the new province should have a press as well as a stationery office. Basic revenue 0·01. Expansion is *nil.*

(3) GANJAM.

1927-28	..	0·02
1928-29	..	0·02
1929-30	..	0·02
Total	..	0·06

119. The average is 0·02 which may be accepted as basic figure as in the case of the Vizagapatam receipts. Expansion is *nil.*

Summary.

120.

(1) ORISSA.

Basic revenue	..	0·23
Expansion	..	*Nil.*

(2) VIZAGAPAT

Basic revenue	0·01
Expansion	*Nil.*

(3) GANJAM.

Basic revenue	0·02
Expansion	*Nil.*
Total basic revenue ..	0·26
Total expansion ..	*Nil.*

XXXV.—MISCELLANEOUS.

(1) ORISSA.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Unclaimed deposits ..	4·60	..	5·32	..	7·06	..
Sale-proceeds of durbar presents.	..	..	(35)	..	(22)	..
Sale of old stores and materials.	0·15	0·01	0·03	0·01	0·04	0·02
Sale of land houses ..	0·01	(495)	0·01	..	(10)	..
Fees for Government audit	0·60	0·08	0·81	0·16	0·35	0·03
Treasure trove ..	0·01	(12)	..	..	(3)	..
Rents, rates and taxes	0·23	0·02	0·25	0·02	0·39	0·03
Fees, fines and forfeitures	0·08	0·01	0·06	0·02	0·38	0·05
Collection of payments for services rendered.	..	..	..	..	0·42	0·04
Recoveries of overpayments.	0·10	0·01	0·11	(296)	1·54	0·01
Miscellaneous	0·40	0·01	0·21	0·01	0·65	0·01
Contributions	..	..	0·41	0·01	..	..
Deduct—Refunds ..	2·62	0·12	2·26	0·15	2·38	0·22
Net receipts ..	3·56	0·02	4·95	0·08	8·45	—0·03

121.

A.—*Basic figure.*

		1927-28.	1928-29.	1929-30.
Orissa receipts :—	Gross	0·14	0·23	0·19
	Refunds	0·12	0·15	0·22
	Net	0·02	0·08	—0·03

The average is 0·02. In these years, the Bihar and Orissa Government also received an average of 5·66 as unclaimed deposits. These represent amounts deposited with Government by contractors, and revenue, criminal or Civil Court deposits which lapse to Government after a certain number of years and are then adjusted by credit to this head of account, thus clearing the deposit registers. The transaction is purely one of book adjustment in the office of the Accountant General carried out in lump for the whole province generally. There is no doubt that some part of these receipts pertained to Orissa, but it is not possible to allocate the exact amount. If claimants appear for refund of their moneys after their lapse, they are paid by debit to " Deduct

Refunds " which is therefore purely a cash transaction and a greater part of the refunds under this head are on this account. It is therefore possible to allocate to Orissa its share of the unclaimed deposits on the basis of the proportionate amounts of refunds paid in the whole province and in Orissa. The average receipts on account of unclaimed deposits in the whole province namely, 5·66 is 2-1/3 times the average amount of refunds. The average refunds of the whole province being 2·42 and the corresponding amounts paid from Orissa Treasuries being 0·16, 0·37 should be added to the average receipts of 0·02 which pertains to Orissa. The basic receipts thus come to 0·39 which may be accepted. Expansion is *nil.*

(2) VIZAGAPATAM.

A.—*Basic figure.*

122. Receipts representing mainly cattle pound receipts were as follows :—

1927-28	..	0·02
1928-29	..	0·02
1929-30	..	0·03
1930-31	..	0·05
Total	..	0·12

or an average of 0·03 which may be taken as basic revenue. Expansion is *nil.*

(3) GANJAM.

A.—*Basic figure.*

123. Receipts under this head are, as the head of account indicates, such as cannot appropriately be credited to other heads—*e.g.*, unclaimed deposits, fees for Government audit, contributions, etc. Actual receipts in recent years were :—

1927-28	..	0·09
1928-29	..	0·16
1929-30	..	0·14

or an average of 0·13 which may be accepted. Expansion may be taken as *nil.*

Summary.

124.

(1) ORISSA.

Basic revenue	..	0·39
Expansion	..	*Nil.*

(2) VIZAGAPATAM.

Basic revenue	..	0·03
Expansion	..	*Nil.*

(3) GANJAM.

Basic revenue	0·13
Expansion	*Nil.*
Total basic revenue ..	0·55
Total expansion ..	*Nil.*

XVI.—INTEREST.

125. This head records interest recovered mainly on account of loans and advances by Government to agriculturists, local bodies, etc., through the Provincial Loans Account. Considering the past actuals and the amount that will probably be outstanding on 1st April 1933 and applying to it the average of the rates of interest at which the amounts have been or will be lent to cultivators, etc. Orissa will probably get a revenue of 0·15 from this source in the year of separation.

Similarly, the receipts that will accrue to Government under this head of account from the Madras area will be 0·19, of which 0·02 will be from the Jeypore Agency area.

FINANCIAL.

APPENDIX II.

EXPENDITURE.

Detailed notes showing—

A.—Basic figures.

B.—Cost of separation.

C.—Expansion.

Basic Figures of Expenditure.

Major Head.	Average of Orissa.	Average of Vizagapatam.	Average of Ganjam.	Total of the Averages.	Basic figure.
5. Land Revenue	10·28	..	0·26	10·54	2·92
6. Excise	1·99	0·31	0·44	2·74	6·67
7. Stamps	0·21	0·01	0·09	0·31	0·45
8. Forests	2·05	..	2·29	4·34	3·55
9. Registration	1·01	..	0·55	1·56	1·55
XIII. Irrigation Working expenses ..	4·03	..	1·13	5·16	2·99
15. Miscellaneous Irrigation ..	2·09	..	0·39	2·48	1·30
16. Irrigation	0·10	..	0·27	0·37	0·32
22. General Administration ..	9·05	2·15	4·36	15·56	15·96
24. Administration of Justice ..	3·08	0·15	1·43	4·66	5·01
25. Jails and Convict Settlements ..	1·46	0·57	0·48	2·51	2·51
26. Police	11·73	4·68	4·16	20·57	20·28
27 Ports and Pilotage	..	..	..	..	..
30. Scientific Departments ..	..	..	..	..	0·01
31. Education	16·76	0·85	6·74	24·35	25·67
32. Medical	4·10	0·77	1·27	6·14	6·43
33. Public Health	0·87	0·23	0·31	1·41	1·87
34. Agriculture	2·19	0·03	0·44	2·66	2·92
35. Industries	1·21	..	0·06	1·27	1·28
37. Miscellaneous Departments ..	..	..	0·03	0·03	0·14
41. Civil Works	10·26	5·42	5·32	21·00	26·72
43. Famine Relief	..	..	..	..	1·40
45. Pensions	..	..	..	..	10·25
46. Stationery and Printing ..	..	..	0·03	0·03	0·57
47. Miscellaneous	0·55	0·02	0·02	0·59	0·86
19. Interest .. .. .. / 21. Reduction of debt	..	..	..	..	10·87
	83·02	15·19	30·07	128·28	152·50

Statement of Basic Expenditure.

Major Head.	B. & O. Province.	Madras Presidency.		Total for Madras Presidency (Columns 3 & 4).	Total Basic expenditure (Columns 2 & 5).
	Orissa.	Vizagapatam.	Ganjam.		
1	2	3	4	5	6
5. Land Revenue	2·66	..	0·26	0·26	2·92
6. Excise	5·12	1·08	0·47	1·55	6·67
7. Stamps	0·33	0·01	0·11	0·12	0·45
8. Forests	1·85	..	1·70	1·70	3·55
9. Registration	1·00	..	0·55	0·55	1·55
XIII. Irrigation Working expenses ..	1·86	..	1·13	1·13	2·99
15. Miscellaneous Irrigation ..	0·91	..	0·39	0·39	1·30
16. Irrigation	0·05	..	0·27	0·27	0·32
22. General Administration ..	9·55	2·15	4·26	6·41	15·96
24. Administration of Justice ..	3·24	0·34	1·43	1·77	5·01
25. Jails and Convict Settlements ..	1·46	0·57	0·48	1·05	2·51
26. Police	12·06	4·21	4·01	8·22	20·28
27. Ports and Pilotage	..	..	..	..	..
30. Scientific Departments ..	..	0·01	..	0·01	0·01
31. Education	17·40	0·85	7·42	8·27	25·67
32. Medical	4·32	0·84	1·27	2·11	6·43
33. Public Health	1·26	0·27	0·34	0·61	1·87
34. Agriculture	2·43	0·05	0·44	0·49	2·92
35. Industries	1·22	..	0·06	0·06	1·28
37. Miscellaneous Departments ..	0·06	0·01	0·07	0·08	0·14
41. Civil Works	15·87	5·53	5·32	10·85	26·72
43. Famine Relief	1·00	0·10	0·30	0·40	1·40
45. Pensions	6·53	..	3·72	3·72	10·25
46. Stationery and Printing ..	0·20	0·04	0·33	0·37	0·57
47. Miscellaneous	0·58	0·26	0·02	0·28	0·86
19. Interest .. .. .. } 21. Reduction of debt .. .. }	8·93	..	1·94	1·94	10·87
	99·89	16·32	36·29	52·61	152·50

Statement of Expansion of Expenditure.

Major Head.	B. & O. Province.	Madras Presidency.		Total of Madras Presidency (Columns 3 & 4.)	Total expension of expenditure (Columns 2 & 5).
	Orissa.	Vizagapatam.	Ganjam.		
1	2	3	4	5	6
5. Land Revenue	..	..	..	..	..
6. Excise	..	..	..	..	..
7. Stamps	..	..	..	..	..
8. Forests	..	..	..	..	..
9. Registration	..	0·04	..	0·04	0·04
XIII. Irrigation Working expenses ..	..	..	..	..	..
15. Miscellaneous Irrigation ..	..	..	..	..	..
16. Irrigation	..	..	..	..	..

Statement of Expansion of Expenditure—contd.

Major Head.	B. & O. Province.	Madras Presidency.		Total of Madras Presidency (Columns 3 & 4).	Total expansion of expenditure (Columns 2 & 5).
	Orissa.	Vizagapatam.	Ganjam.		
1	2	3	4	5	6
22. General Administration ..	..	..	..	..	..
24. Administration of Justice ..	..	..	..	..	..
25. Jails and Convict Settlements ..	..	..	..	..	..
26. Police	..	..	..	..	..
27. Ports and Pilotage	..	..	..	..	..
30. Scientific Departments ..	..	..	..	..	..
31. Education	2·21	0·15	..	0·15	2·36
32. Medical	..	..	..	..	..
33. Public Health	..	..	..	..	..
34. Agriculture	..	..	..	..	..
35. Industries	0·60	..	0·04	0·04	0·64
37. Miscellaneous Departments ..	..	..	..	..	..
41. Civil Works	..	0·70	..	0·70	0·70
43. Famine Relief	..	..	..	..	..
45. Pensions	3·00	..	1·36	1·36	4·36
46. Stationery and Printing ..	..	..	..	..	..
47. Miscellaneous	..	..	..	..	..
19 & 21. Interest and Reduction of debt.	0·01	..	..	..	0·01
	5·82	0·89	1·40	2·29	8·11

Statement of Cost of Separation.

Major Head.	B. & O. Province.	Madras Presidency.		Total of Madras Presidency (Columns 3 & 4).	Total cost of separation (Columns 2 & 5).
	Orissa.	Vizagapatam.	Ganjam.		
1	2	3	4	5	6
5. Land Revenue	0·18	..	..	..	0·18
6. Excise	0·18	0·12	..	0·12	0·30
7. Stamps	..	..	..	..	..
8. Forests	0·07	..	..	..	0·07
9. Registration	0·09	..	..	..	0·09
XIII. Irrigation working expenses ..	..	..	..	..	..
15. Miscellaneous Irrigation ..	..	..	..	..	..
16. Irrigation	..	..	..	..	..
22. General Administration ..	7·10	0·29	..	0·29	7·39
24. Administration of Justice ..	0·90	..	..	..	0·90
25. Jails and Convict Settlements ..	0·29	..	..	..	0·29
26. Police	1·35	0·11	..	0·11	1·46
27. Ports and Pilotage	..	..	..	..	..
30. Scientific Departments ..	..	..	..	..	..
31. Education	0·39	..	..	..	0·39
32. Medical	1·38	..	..	..	1·38
33. Public Health	0·63	..	..	..	0·63
34. Agriculture	0·43	..	..	..	0·43

Statement of Cost of Separation—contd.

Major Head.	B. & O. Province.	Madras Presidency.		Total of Madras Presidency (Columns 3 & 4).	Total cost of separation (Columns 2 & 5).
	Orissa.	Vizagapatam.	Ganjam.		
1	2	3	4	5	6
35. Industries	0·24	..	..	..	0·24
37. Miscellaneous Departments ..	0·03	..	..	..	0·03
41. Civil Works	1·19	0·04	..	0·04	1·23
43. Famine Relief	..	..	..	..	..
45. Pensions	..	..	..	..	..
46. Stationery and Printing ..	2·89	..	..	..	2·89
47. Miscellaneous	..	..	..	..	..
19 & 21. Interest and Reduction of debt.	0·33	..	..	..	0·33
	17·67	0·56	..	0·56	18·23

(5)—LAND REVENUE.

(1) ORISSA.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Charges of Administration.						
Tauzi establishment ..	1·49	0·15	1·48	0·15	1·52	0·15
Certificate Establishment	0·46	0·05	0·46	0·05	0·47	0·05
Kanungo establishment ..	0·98	0·42	0·98	0·40	0·93	0·36
Partition establishment ..	2·05	0·09	1·80	0·08	1·76	0·09
Management of Private Estates under Act X of 1892.	0·27	0·04	0·26	0·03	0·25	0·03
Collection of rates and cesses.						
Collection	0·29	0·08	0·28	0·08	0·29	0·13
Valuation and revaluation	0·27	..	0·32	..	0·62	0·07
Deduct—Cost of collection	0·56	0·08	0·60	0·08	0·91	0·20
Management of Government Estates—Collection of Revenue.						
Districts other than Santal Parganas.	3·06	0·99	3·10	1·07	3·29	1·18
Santal Parganas ..	0·52	..	0·53	..	0·53	..
Outlay on Improvements	1·49	0·39	1·62	0·42	1·62	0·41
Survey and Settlements.						
Superintendence ..	0·65	..	0·61	..	0·62	..
Survey office and Traverse establishment.	1·35	..	1·36	..	1·43	..
Revision of settlement operations—						
in Orissa	8·89	8·89	8·52	8·52	5·46	5·46
in Chota Nagpur ..	0·86	..	1·84	..	3·16	..
in Santal Parganas ..	2·29	..	2·34	..	3·43	..

(1) ORISSA—*contd.*

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Other operations ..	0·53	..	0·57	...	0·44	...
Municipal Surveys ..	0·20	..	0·11	...	0·03	..
Minor Settlements ..	..	..	0·13	0·01	0·08	..
Maintenance of Boundary pillars.	..	..	0·02	...	0·03	(99)
Maintenance of land records.	0·38	0·39	0·38	0·38	0·40	0·40
Land registration ..	0·35	0·06	0·34	0·06	0·34	0·06
Assignments and compensations.	1·03	..	1·04	..	0·96	..
English Stores	0·03	..	0·02	..	0·01	...
Expenditure in England..	0·30	..	0·33	..	0·35	..
Total ..	26·98	11·47	27·84	11·17	26·11	8·19

A.—*Basic figure.*

The average expenditure of the three years of Orissa is 10·28; it, however, includes large expenditure on account of revision of survey and settlement operations. In the three years concerned, this expenditure was

1927-28	8·89
1928-29	8·52
1929-30	5·46
Total ..	22·87

or an average of 7·62. The settlement operations are expected to close in December 1932 and there will be no further expenditure after separation till about 1957. This expenditure should, therefore, be omitted from the actual average expenditure.

2. Orissa is not concerned with any part of English expenditure.

3. The basic expenditure of Orissa under this head is, therefore, claculated thus :—

Average expenditure	10·28
Deduct—Expenditure on account of settlement operations	7·62
Basic expenditure	2·66

B.—*Cost of separation.*

4. The basic expenditure does not provide for the Director of Land Records and Surveys. As the revision of Surveys and Settlement operations are terminating shortly, a separate officer is not necessary. It has been proposed in the note on General Administration that this work should, therefore, be entrusted to the Revenue Commissioner and his pay, etc., is provided for there. He will, however, require one head clerk and two clerks. Their cost including other incidental charges amounts to 0·04. As regards Survey Office and

Traverse Establishment until experience points out to the creation of a separate establishment, Orissa may continue to share the present office of Bihar by paying a contribution of one-tenth of the annual cost, *i.e.*, 0·14. The total cost of separation is, therefore, 0·18. Expansion is *nil.*

(2) VIZAGAPATAM.

5. There is no expenditure under this head of account. The whole area is under the permanent Settlement system. Consequently there is no expenditure on maintenance of land records, survey and settlements or other expenses in connection therewith.

6. Expansion and cost of separation are *nil.*

(3) GANJAM.

Year.	Net Expenditure.	Recoveries taken in abatement.	Gross.
1927-28	0·08	0·20	0·28
1928-29	0·23	..	0·23
1929-30	0·40	..	0·40
Total ..	0·71	0·20	0·91
Average ..	0·23	0·07	0·30

7. 0·20 shown as recoveries of expenditure taken in reduction were on account of Survey and Settlement undertaken on behalf of zamindars and may, therefore, be neglected. The expenditure in 1929-30 rose by about 0·13 on account of the Berhampur Municipal Survey. Excluding this amount, the total gross expenditure of the three years is 0·78 and the average is 0·26 which may be accepted.

8. Cost of separation is *nil* as also expansion.

9. *Summary.*

(1) ORISSA.

Basic expenditure	2·66
Cost of separation	0·18
Expansion	..

(2) VIZAGAPATAM.

Basic expenditure	..
Cost of separation	..
Expansion	..

(3) GANJAM.

Basic expenditure	0·26
Cost of separation	..
Expansion	..
Total basic expenditure ..	2·92
Total cost of separation ..	0·18
Total expansion ..	..

6.—EXCISE.

(1) ORISSA.

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Superintendence ..	0·65	..	0·66	..	0·75	..
District Executive establishment.	10·58	1·83	10·45	1·90	11·05	1·82
Deduct—Amount recovered from the Government of India.	0·76	..	0·76	..	0·76	..
Compensations.. ..	0·09	0·08	0·07	0·07	0·08	0·07
Cost of opium supplied to the Excise Department.	8·56	0·01	7·58	..	7·14	..
Purchase of Ganja and other drugs.	0·05	0·05	0·03	0·03	0·07	0·07
Stores (High Commissioner)	0·02	0·01	0·02	0·01	0·01	0·01
Total ..	19·19	1·98	18·05	2·01	18·34	1·97

A.—*Basic figure.*

10. The average of Orissa expenditure comes to 1·99. The contribution of 0·76 which the Bihar and Orissa Government annually receives from the Central Government is wholly on account of Salt establishment employed in the Orissa Division. This contribution has, therefore, to be taken in reduction of the average cost of 1·99. This figure does not, however, include the cost of opium purchased from the Government of India. The quantity of opium purchased in previous years on an average was 565 maunds. Allowing therefore for the restrictions imposed on the consumption of opium by the Orissa Smoking Act, we estimate the average requirements of the Orissa Division of the new province at 525 maunds which at Rs. 18-9-0 per seer would cost the new Government a sum of 3·9 per annum. The basic expenditure is therefore calculated at 5·12 as follows :—

Average expenditure	1·99
Cost of opium	3·89
	5·88
Deduct—Contribution from the Government of India ..	0·76
Net ..	5·12

B.—*Cost of separation.*

11. The Gazetted staff of the whole province of Bihar and Orissa consists of—

1 Commissioner of Excise and Salt (who is also Inspector General of Registration),

1 Deputy Commissioner,

20 Superintendents,

of whom four Superintendents are allotted to the Orissa Division. As the Bihar and Orissa Commissioner of Excise and Salt is also Inspector General of Registration, it is clear that the new province will not require a separate Head of the Department. We think that in the new province the duties of the Commissioner of Excise can be assigned to the Revenue Commissioner whose appointment will be considered under '22-General Administration'. He will, however, require a staff of—

	Rs.
1 Personal Assistant (of the grade of Superintendent. He will also do the work of the Inspector of Distilleries and Warehouses and of inspecting Excise offices) ..	5,800
4 Clerks	4,800
4 Menials	700
Allowances	1,300
Contingencies	1,400
Total ..	14,000

The Police Training College at Hazaribagh and the corresponding School at Nathnagar undertakes the training of executive subordinates and cadets and constables of the Excise Department. Since both these institutions are in Bihar, the new Government of Orissa may find it convenient to enter into an agreement with the Bihar Government for training candidates from Orissa for the Excise Department. (Assam also follows the same method. Its Police officers are trained at the Sarda Training College in Bengal at a cost of Rs. 2,153 a year for Indian or Provincial Police Service officers and Rs. 735 for a Sub-Inspector.) We are informed that the Bihar Government would charge Rs. 700 a year for Orissa cadets and Rs. 80 a year for constables. It is estimated that four new Sub-inspectors and 15 constables (including the requirements of Ganjam and Vizagapatam also) could be absorbed every year and the cost of training them at the Bihar institutions will be 0·4 as follows :—

	Rs.
4 × 700	=2,800
15 × 80	=1,200
	4,000

The total cost of separation will thus come to 0·18 as follows :—

Overhead staff	0·14
Training Excise candidates	0·04
	0·18

C.—*Expansion.*

12. There are no indications of expansion of expenditure.

13. The quantity of opium in stock at the Orissa Treasuries on the first of April of 1927, 1928, 1929, 1930 and 1931 on an average was 191 maunds. Though it cannot be foreseen at this stage what will be the quantity of opium

in stock at those treasuries on the date of separation, the average of the last five years, *i.e.*, 191 maunds, may be taken as the quantity which will be an asset to the new province.

(2) VIZAGAPATAM.

A.—*Basic figure.*

14. Besides the Abkari establishment under Revenue officers, there was appointed on the 1st October 1925 an Assistant Inspector of Excise, at Gunupur, having jurisdiction over that taluk. There is a distillery at Gunupur. From the 1st May 1931 the Assistant Inspector at Gunupur was transferred to Rayagadda and a new circle called the Parvatipuram Agency circle has been started from the same date with jurisdiction over the taluks of Gunupur, Bissemcuttack, Rayagadda and the Narayanpatnam agency of the Parvatipur taluk. This circle is in charge of a Circle Inspector at Parvatipuram. From the 1st January 1930, the Jeypore Agency circle was established under the central distillery system, having jurisdiction over Pottangi, Koraput, Jeypore, Nowrangpore. This system was also later, *i.e.*, from the 1st April 1931, extended to a part of Padwa Taluk and Deshya Kondh area of Bissemcuttack taluk under a Sub-Inspector and five peons. In view of these recently introduced changes, the past actuals have to be considerably modified.

15. Taking the establishment under Revenue officers, the actual expenditure was :—

1927-28	..	0·09
1928-29	..	0·09
1929-30	..	0·11
1930-31	..	0·10
Total	..	0·39

or an average of 0·10. The actual expenditure in 1929-30 and 1930-31 was more than as shown above by 0·30 and 0·03 respectively—representing the cost of erection of some excise buildings. These amounts have been omitted as they do not represent recurring expenditure and no additional buildings are either under construction or contemplation. The average of 0·10 may be accepted.

The actual expenditure of the Assistant Inspector of Excise at Gunupur, *viz.*,

1927-28	..	0·20
1928-29	..	0·20
1929-30	..	0·20
1930-31	..	0·23
Total	..	0·83

or an average of 0·21 was the cost of both preventive and distillery establishment to which must be added the cost of the office of the Parvatipuram circle, started only from the 1st May 1931. It is estimated that the additional cost of this establishment is 0·06. The basic figure would, therefore, be 0·27.

The recorded expenditure of the Jeypore Agency circle both on account of preventive and distillery establishment was 0·12 for three months of 1929-30 and 0·68 in 1930-31. The latter may be accepted.

From the 1st April 1931, owing to the extension of the central distillery system to a portion of Padwa taluk and Deshya Khond area of Bissemcuttack taluk, a further expenditure of 0·03 is also anticipated.

The total expenditure of the Excise Department in the Jeypore Agency is therefore, as follows :—

Establishment under Revenue officers	0·10
Parvatipuram circle	0·27
Jeypore circle	0·68
Padwa and Bissemcuttack area	0·03
Total ..	1·08

This expenditure does not take into account the supervisionary charges of higher officers having headquarters elsewhere than in Jeypore as they form part of cost of separation ; it does not also include the cost price of excise opium as the revenue of this department is depressed by a corresponding amount.

B.—*Cost of separation.*

16. For the portions of Ganjam and Vizagapatam districts which go to the new province a supervising officer of the rank of Superintendent of Excise will be necessary at a cost of 0·12. Expansion is *nil*.

(3) GANJAM.

1928-29	0·39
1929-30	0·46
1930-31	0·48
Total ..	1·33

A.—*Basic figure.*

17. The increase in later years is due to the introduction of the central distillery system involving additional expenditure on preventive staff. For this reason, 1928-29 expenditure is not comparable with that of the next two years. The average of these years, *viz.*, 0·47, may be taken as the basic expenditure. Expansion is *nil* as also cost of separation.

Summary.

18.

(1) ORISSA.

Basic expenditure	5·12
Cost of separation	0·18
Expansion	..

(2) VIZAGAPATAM.

Basic expenditure	1·08
Cost of separation	0·12
Expansion	..

(3) GANJAM.

Basic expenditure	0·47
Cost of separation	..
Expansion	..
Total basis expenditure ..	6·67
Total cost of separation ..	0·30
Total expansion ..	..

7.—STAMPS.

(1) ORISSA.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Superintendence ..	0·14	0·02	0·18	0·02	0·15	0·01
A.—*Non-Judicial.*						
Cost of stamps supplied from Central Stores.	1·31	..	0·29	..	0·22	..
Charges for sale of stamps	1·01	0·11	0·97	0·09	1·00	0·12
B.—*Judicial.*						
Cost of stamps supplied from Central Stores.	..	..	0·79	..	0·51	..
Purchase of plain paper ..	..	..	0·44	..	..	..
Charges for sale of stamps	0·63	0·07	0·63	0·07	0·65	0·08
Discount on plain paper	0·09	0·01	0·09	0·01	..	..
Total charges ..	3·18	0·21	3·39	0·19	2·53	0·21

A.—*Basic figure.*

19. The expenditure on account of purchase of plain paper and discount on plain paper since 1929-30 is being debited to 46 –Stationery and Printing. The somewhat large expenditure of 1·31 on account of cost of stamps supplied from Central Stores under A.—Non-Judicial in 1927-28 includes also the cost of Judicial stamps and plain paper ; a fact which also explains the absence of expenditure against these two heads under B.—Judicial in that year.

20. The average of Orissa expenditure is 0·21 which, however, includes 0·01 on account of Discount on plain paper which since 1929-30 is being charged o the head 46—Stationery and Printing. The average may, therefore, be put at 0·20.

The sub-head Cost of Stamps supplied from Central Stores is an adjustment head—the adjustment being made for the whole province in the office of the local Accountant General, Bihar and Orissa, against the corresponding debits passed on to this province by the Accountant General, Bombay. The actual amount of expenditure referable to the Orissa Division is not, therefore, separately available but the normal expenditure of Orissa may be calculated as follows :—

The average value of stamps received in the whole province annually was	122·80
The average cost of stamps supplied to the whole province ..	0·95
Similarly the average value of stamps annually received in Orissa ..	16·20
Proportionate cost of stamps for Orissa	0·13

Orissa should, therefore, bear this sum 0·13 as its share of the cost of stamps received from the Central Stamps Stores, Nasik.

Separate provision is being made under Stationery and Printing for the cost of plain paper supplied for use in connection with Judicial stamps.

21. The basic estimate of expenditure may be put at 0·33 as detailed below :—

Average expenditure	0·20
Cost of stamps supplied from Central Stores	0·13
Total ..	0·33

No additioual expenditure is anticipated as a result either of separation or of expansion.

22. The face value of stamps in stock at the Orissa treasuries on the 1st of April of the following years was :—

	1929.	1930.	1931.	Average.
Cuttack	5·66	6·07	7·20	6·31
Balasore	6·11	5·39	4·08	5·19
Sambalpur	2·27	2·31	2·60	2·39
Puri	2·24	3·17	2·65	2·69
Angul	0·36	0·30	0·29	0·32
	16·64	17·24	16·82	16·90

It is not possible to foresee what will be the value of stamps in stock at the Orissa treasuries on the date of separation ; but the average of the last three years, *viz.*, 16·90, may be taken for our purpose. Stamps of this value will be an asset to the new province.

(2) VIZAGAPATAM.

A.—*Basic figure.*

23. The direct expenditure of the Jeypore Agency has been :—

1927-28	..	..	..	..	..	..	0·01
1928-29	..	..	..	..	..	..	0·02
1929-30	..	..	..	..	..	..	0·01
1930-31	..	..	..	..	..	..	0·01
					Total	..	0·05

or an average of 0·01 to which theoretically should be added the cost of stamps supplied from the Nasik Stamps Stores. The addition, however, would be too small to affect appreciably the average expenditure of 0·01 which may be taken as basic. Cost of separation and expansion are *nil.*

(3) GANJAM.

1927-28	..	..	..	..	..	..	0·09
1928-29	..	..	..	..	..	..	0·08
1929-30	..	..	..	..	..	..	0·09
					Total	..	0·26

A.—*Basic figure.*

24. Average is 0·09 to which must be added the cost of stamps supplied by the Security Printing Press, Nasik. These charges in 1928-29 and in 1929-30 were 0·04 and 0·05 respectively for the whole district and on the basis of the proportion which the revenue from stamps for the area to be transferred bears to the total revenue of the district from this source 0·02 must be added to the average of 0·09 in order to arrive at the basic expenditure of 0·11. Cost of separation and expansion are *nil.*

Summary.

25.

(1) ORISSA.

Basic expenditure	..	..	..	..	..	0·33
Cost of separation	..	..	..	..	..	..
Expansion ..	..	..	..	..	..	..

(2) VIZAGAPATAM.

Basic expenditure	..	..	..	..	..	0·01
Cost of separation	..	..	..	..	..	..
Expansion ..	..	..	..	..	..	..

(3) GANJAM.

Basic expenditure	0·11
Cost of separation	..
Expansion	..
Total basis expenditure ..	0·45
Total cost of separation ..	..
Total expansion ..	..

8.—FORESTS.

(1) ORISSA.

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa	1929-30. Whole Province.	1929-30. Orissa.
Conservancy, Maintenance and Regeneration.						
Timber and other produce removed by Government Agency.	0·13	0·02	0·13	0·02	0·11	0·02
Timber and other produce removed by consumers and purchasers.	0·26	0·09	0·30	0·11	0·31	0·11
Maintenance, repairs and renewals.	0·76	0·27	0·73	0·26	0·86	0·32
Conservancy and Regeneration.	0·39	0·15	0·43	0·20	0·44	0·15
Miscellaneous	0·26	0·09	0·42	0·05	0·48	0·06
Suspense	..	..	(—56)	..	(—44)	..
Establishment ..	4·83	1·36	4·95	1·40	5·07	1·47
Expenditure in England..	0·58	..	0·55	..	0·44	..
Total ..	7·21	1·98	7·51	2·04	7·71	2·13

A.—*Basic figure.*

26. The figures for the whole province differ from those in the Finance and Revenue Accounts in the years 1928-29 and 1929-30 to the extent of 0·23 and 0·34, respectively, representing interest on capital outlay on Forests. But as no amount was actually borrowed by the Bihar and Orissa Government to finance the capital outlay, the charges on this account do not affect the financial position of the province and have therefore been omitted from the above statement.

27. The average of Orissa expenditure is 2·05. The expenditure in England in the three years for the whole province has been almost wholly on establishment representing leave salary, sterling Overseas Pay, deputation salary or training of Probationers in England. The expenditure in England debitable to Orissa may be calculated in accordance with the proportion which the average establishment charges in Orissa Division, *viz.*, 1·41 bear to that of the whole province—*viz.*, 4·94, *i.e.*, 1 : 3·5. The average expenditure in England being 0·52 we add 0·15 as the share of Orissa.

There are at present 4 forest divisions in Orissa with 2 officers of the Indian Forest Service and 3 of the Provincial Service. There is, however, a proposal, which seems feasible, for reducing the number of divisions to three with consequential reduction in staff which is estimated to cause a saving of 0·35. In the circumstances, the basic expenditure may be calculated thus:—

Average	2·05
Expenditure in England	0·15
Deduct—Reduction in establishment	0·35
Total ..	1·85

B.—*Cost of separation.*

28. The total forest area is only 1,800 square miles made up of 1,000 square miles reserved forests and 800 square miles protected forests. There is therefore no need for a Conservator of Forests. The most feasible arrangement is to invest the Divisional Forest Officers with enhanced powers and for purposes of administration and general control to place them under the Revenue Commissioner. This officer should be entitled to consult the Direction Division of some other Province who would furnish the necessary expert advice with or without local inspection. Such an arrangement would involve the payment of a fixed annual contribution to the other Province of about 0·04 per annum.

There are at present no facilities for the training of Forest Subordinates in Orissa. Orissa will absorb annually the following trained students (including the requirements of Ganjam and Vizagapatam).

Rangers	1 (every 3 years).
Foresters	3
Forest guards	8

There is however an excess number of rangers in the Bihar and Orissa cadre which is likely to be further reduced. So, for some years, there will be no necessity to send students to the Rangers' class at Coimbatore. Foresters could be trained at the Keonjhar State Forest School at the average cost of Rs. 900 per student. The Forest guards could be trained locally at Puri where such a class is proposed to be opened. The average cost would be Rs. 50 per guard. The total cost of training will thus come to Rs. 3,000 per annum.

The cost of separation is therefore 0·07 as follows :—

Annual contribution	0·04
Training of Forest subordinates	0·03
Total ..	0·07

There is not much scope for expansion.

(2) VIZAGAPATAM.

A.—*Basic figure.*

29. Expenditure is *nil* as all the forests belong to the Jeypore Estate.

(3) GANJAM.

Items.	1927-28.	1928-29.	1929-30.
Conservancy and Works for both Divisions	1·19	0·52	0·37
Establishment	1·76	1·66	1·36
Total ..	2·95	2·18	1·73

A.—*Basic figure.*

30. The larger expenditure in the first two years was due to the activities of the Russelkonda Saw Mill ; and for reasons stated in the note on Forest revenue past actuals cannot be relied on to any great extent. The high expenditure on establishment is mainly due to the special establishment which is working in Balliguda Agency. A special Officer of the rank of Extra Assistant Conservator of Forests is at present employed there to select and demarcate suitable blocks for future reservation and generation. After this work has been completed, it may be that the establishment charges and consequently the total expenditure will decrease. A recent estimate by the Forest Department puts the total expenditure at 1·33 for Ganjam Forest Division and 0·37 for Parlakimedi Forest Division. 1·70 is therefore adopted as the basic expenditure. Cost of separation is *nil.*

C.—*Expansion.*

31. Expansion of expenditure in this department is closely connected with revenue, and as we have not allowed anything for expansion of revenue, we do not anticipate any expansion in expenditure.

Summary.

32.

(1) ORISSA.

Basic expenditure	1·85
Cost of separation	0·07
Expansion	..

(2) VIZAGAPATAM.

Basic expenditure	*Nil.*
Cost of separation	*Nil.*
Expansion	*Nil.*

(3) GANJAM.

Basic expenditure	1·70
Cost of separation	..
Expansion	..
Total basic expenditure ..	3·55
Total cost of separation ..	0·07
Total Expansion ..	..

9.—REGISTRATION.

(1) Orissa.

Items.	1927-28. Whole. Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Superintendence ..	0·33	(371)	0·33	(135)	0·36	0·02
District charges ..	5·90	1·00	5·89	0·99	6·13	1·03
Total ..	6·23	1·00	6·22	0·99	6·49	1·05

A.—*Basic figure.*

33. The average cost of the present establishment is 1·01 which however includes an average expenditure of 0·01 under 'Superintendence' representing the pay and allowances of the Inspector of Registration. He will be provided for separately under 'cost of separation'. 1·00 (1·01– 0·01) may be taken as the basic figure of expenditure.

B.—*Cost of separation.*

34. The department in Bihar and Orissa consists of—

(I) 1 Inspector-General of Registration;

(II) 1 Personal Assistant;

(III) 2 Inspectors of Registration (one part-time);

(IV) 150 Sub-Registrars;

(V) 5 Probationers (generally).

The Inspector-General of Registration is also Commissioner of Excise and Salt and his pay is provided under '22-General Administration'. The overhead staff for Orissa to be provided for will thus fall under items (I), (II) and (III) above. We think that the post of the Inspector-General of Registration for the new province can be held by an officer who is also head of Excise, Land Records and Registration and Stamps (see note under 'General Administration'). He will, however, require a Personal Assistant.

35. It is also necessary to provide for the inspection of Registry offices. This branch of the department consists of 1-2/3 Inspectors for the whole province, *i.e.*, a second Inspector is engaged for about 8 months in a year. Orissa has 25 Registry Offices or about 1/6th of the total number of offices in the whole province. It is therefore clear that the Inspector of Registration of the new province will not be fully engaged on inspection throughout the year. This post may therefore be combined with that of Personal Assistant to the Inspector-General. The pay scale of a District Sub-Registrar is Rs. 225—25/2—300. Assuming that it will be possible, as we believe it will be, to appoint a senior Sub-Registrar as Personal Assistant and Inspector of Registration with a special pay of Rs. 50 per mensem, the extra cost of separation will be Rs. 4,200 per annum, or 0·04.

On the basis of the ministerial staff in the office of the present Inspector-General at Patna and the volume of work which comes to his office from Orissa we estimate that the Personal Assistant will require three clerks and 3 peons. The cost of separation without taking into account the share of the pay of the Inspector-General of Registration is thus 0·09 :

	Rs.
1 Personal Assistant and Inspector of Registration ..	4,200
1 Clerk	1,050
2 Clerks	1,320
3 Peons	504
Leave salary	500
Allowances (travelling and other)	540
Contingencies	546
Total ..	8,660

i.e., 0·09. There is no scope for expansion of expenditure.

(2) VIZAGAPATAM.

A.—*Basic figure.*

36. As the Registration Act does not apply to Agency tracts, expenditure is *nil*. If, however, the proposals for the formation of certain new Sub-registry offices mature, an expenditure of 0·04 is estimated.

B.—*Cost of separation.*

37. The District Registrar at Berhampur can be appointed to supervise the work of the Sub-registry offices of the Jeypore Agency. The cost of separation will then be *nil*.

(3) GANJAM.

A.—*Basic figure.*

38. The expenditure directly referable to the part of Ganjam District which will be added to the new province was as follows :—

1927-28	0·53
1928-29	0·57
1929-30	0·55
Total ..	1·65

or an average of 0·55 which we adopt as basic expenditure. Both expansion and cost of separation are *nil*.

39. *Summary.*

(1) ORISSA.

Basic expenditure	1·00
Cost of separation	0·09
Expansion	..

(2) VIZAGAPATAM.

Basic expenditure	*Nil*
Cost of separation	..
Expansion	0·04

(3) GANJAM.

Basic expenditure	0·55
Cost of separation	..
Expansion	..
Total basic expenditure ..	1·55
Total cost of separation ..	0·09
Total expansion ..	0·04

XIII. IRRIGATION—WORKING EXPENSES.

(1) ORISSA.

Items.	1927-28.	1928-29.	1929-30.	Average.
Orissa Canals Project—				
Extensions and Improvements ..	0·12	0·07	0·04	0·08
Maintenance and repairs	4·29	5·05	2·57	3·97
Suspense	—0·06	—0·01	0·04	—0·01
Deduct—Recoveries on revenue account ..	0·04	0·01	..	0·01
Net expenditure ..	4·31	5·10	2·65	4·03

A.—*Basic figure.*

40. The average is 4·03 ; but this includes an average expenditure of 3·97 on account of maintenance and repairs which are exceptionally heavy in 1927-1928 and 1928-29 due to floods. The actuals in 1930-31 was 2·09 and the Budget for 1931-32, 2·05. Further both the revised for 1931-32 as well as the current year's estimate are 1·60. In the circumstances, the average expenditure on account of 'Maintenance and Repairs' may be put down at 1·80 thus reducing the average expenditure to 1·86 which may be accepted as basic expenditure.

In Bihar and Orissa, there are at present separate branches of the Public Works Department for Irrigation and Roads and Buildings. On the recommendations of the Flood Committee, two additional executive divisions had

been created some years back in the Orissa Canals Circle which barely pay their working expenses and in view of the necessity for retrenchment, it is proposed to cut down one division. In any case, it is not necessary to maintain two separate branches of Public Works Department and Orissa after separation, will probably find it necessary to amalgamate them. No provision is therefore made under this head on account of rateable establishment and tools and plant charges. The whole expenditure on Public Works charges of this nature is included under '41—Civil Works' *q.v.*

B.—*Cost of separation.*

41. The only item in the cost of separation is on account of establishment and as the basic expenditure on the establishment is discussed in the note under '41-Civil Works', the cost of separation is *nil* under this head.

There is no scope for expansion—

Basic expenditure	1·86
Cost of separation	..
Expansion	..
Total ..	1·86

42.

(2) VIZAGAPATAM.

Expenditure	*Nil.*
Cost of separation	*Nil.*
Expansion	*Nil.*

(3) GANJAM.

A.—*Basic figure.*

43. Working expenditure (excluding expenditure on Establishment and tools and plant charges which will be accounted for under '41—Civil Works') have been—

Items.	1927-28.	1928-29.	1929-30.	1930-31.	Average.
A.—Irrigation Works—Rushikulya system.	0·90	1·14	1·25	1·23	1·13
B.—Navigation, etc., Ganjam-Gopalpur Canal.	(292)	(290)	(264)	(120)	..
Total ..	0·90	1·14	1·25	1·23	1·13

The average of 1·13 may be taken. Both expansion and cost of separation are *nil.*

Summary.

44.

(1) ORISSA.

Basic expenditure	1·86
Cost of separation	..
Expansion	..

(2) VIZAGAPATAM.

Basic expenditure	
Cost of separation	
Expansion	

(3) GANJAM.

Basic expenditure	1·13
Cost of separation	..
Expansion	..
Total basic expenditure ..	2·99
Total cost of separation ..	..
Total expansion ..	..

15.—IRRIGATION MISCELLANEOUS.

(1) ORISSA.

Items.	1927-28.	1928-29.	1929-30.	Average.
Orissa Coastal Canal—				
Works	0·18	0·02	0·03	0·08
Maintenance and repairs	0·48	0·07	0·07	0·21
Orissa Embankment—				
Works	0·18	0·03	0·08	0·10
Maintenance and repairs	2·10	2·38	0·63	1·70
Total ..	2·94	2·50	0·81	2·09

A.—*Basic figure.*

45. The years 1927-28 and 1928-29 are not comparable with 1929-30; the two former were flood years. The normal expenditure, after the works, now in hand, recommended by the Floods Committee are completed will be about 0·91 which is taken as basic expenditure.

For reasons explained in the note under 'XIII—Irrigation Working expenses' the basic expenditure of 0·91 does not include charges on account of Public Works rateable establishment and tools and plant charges which have been taken to '41—Civil Works'.

There will be no cost of separation or expansion.

46.

(2) VIZAGAPATAM.

Expenditure	*Nil.*
Cost of separation	*Nil.*
Expansion	*Nil.*

47.

(3) GANJAM.

Total works expenditure was in

1927-28	0·33
1928-29	0·34
1929-30	0·50
Total ..	1·17

Average is 0·39 which may be accepted. Both expansion and cost of separation are *nil.*

Summary.

48.

(1) ORISSA.

Basic expenditure	0·91
Cost of separation	*Nil.*
Expansion	*Nil.*

(2) VIZAGAPATAM.

Basic expenditure	*Nil.*
Cost of separation	*Nil.*
Expansion	*Nil.*

(3) GANJAM.

Basic expenditure	0·39
Cost of separation	*Nil.*
Expansion	*Nil.*
Total basic expenditure ..	1·30
Total cost of separation ..	*Nil.*
Total expansion	*Nil.*

16.—CONSTRUCTION OF IRRIGATION WORKS FOR WHICH CAPITAL ACCOUNTS ARE KEPT.

(1) ORISSA.

A.—*Basic figure.*

49. Capital expenditure on Irrigation works for which capital accounts are kept may be met either from revenue including the revenue surpluses of previous years or from borrowed funds. The capital expenditure as it is incurred is in the first instance debited to '55—Irrigation Works for which capital accounts are kept' and at the end of the year, either the whole amount or such part of it as Government decide to meet from current revenue is transferred to the revenue head '16—Construction of Irrigation Works, etc.' In Orissa there is only one Irrigation Scheme—Orissa Canals Project—for which capital accounts are kept. The capital expenditure on this project during the last ten years has been as follows :—

Year.	Total capital expenditure.	Met from revenues.
1921-22	0·23	0·23
1922-23	0·49	0·49
1923-24	0·31	0·31
1924-25	0·04	0·04
1925-26	—0·01	—0·01

Year.	Total capital expenditure.	Met from revenues.
1926-27	—0·04	—0·04
1927-28	—(268)	—(268)
1928-29	—0·02	—0·02
1929-30	0·01	0·01
1930-31	..	..
Total ..	1·01	1·01

The average expenditure has thus been 0·10 and during all these years was provided from ordinary revenues. The actuals of the later years however indicate that in future the expenditure is likely to be much less than 0·10. But in the ca e of capital expenditure, it is not always safe to rely too much on past actuals. For the purpose of fixing a normal expenditure, 0·05 may be adopted. This is too small a sum to borrow and following the precedent of the last ten years, it may be finally charged to revenue.

There is neither cost of separation nor much scope for expansion.

Basic expenditure .. .. 0·05

(2) VIZAGAPATAM.

50. Expenditure is *nil* as also expansion.

(3) GANJAM.

A.—*Basic figure.*

51. The only Irrigation, Navigation, Embankment and Drainage Projects for which capital accounts are maintained are the Rushikulya system and Ganjam Gopalpur channel.

The capital expenditure during the last ten years on these projects was as follows :—

	Rushi-kulya.	Ganjam-Gopalpur.	Total.
1921-22	0·10	..	0·10
1922-23	0·06	..	0·06
1923-24	0·09	..	0·09
1924-25	0·29	..	0·29
1925-26	0·13	..	0·13
1926-27	0·11	..	0·11
1927-28	0·01	..	0·01
1928-29	0·13	..	0·13
1929-30	0·60	..	0·60
1930-31	1·22	..	1·22
Total ..	2·74	..	2·74

The average is only 0·27 which the new Government can finance from ordinary revenues. Cost of separation is *nil*. Expansion is *nil*.

Summary.

52.

(1) ORISSA.

Basic Expenditure	0·05
Cost of separation	..
Expansion	..

(2) VIZAGAPATAM.

Basic expenditure	..
Cost of separation	..
Expansion	..

(3) GANJAM.

Basic expenditure	0·27
Cost of separation	..
Expansion	..
Total basic expenditure ..	0·32
Total cost of separation ..	*Nil.*
Total expansion ..	..

22.—GENERAL ADMINISTRATION.

(1) *Orissa.*

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Salaries, house-hold staff, etc., of the Governor.	3·34	..	3·28	..	3·36	..
Executive Council ..	1·45	..	1·52	..	1·46	..
Legislative Council ..	1·62	..	1·70	..	1·75	..
Elections	0·20	..	(292)	..	0·83	..
Civil Secretariat ..	7·10	..	7·70	..	7·85	..
Board of Revenue ..	1·34	..	1·30	..	1·27	..
Inspector-General of Stamps, Registration and Commissioner of Excise.	0·33	..	0·28	..	0·32	..
Local Fund Audit Establishment.	1·30	..	1·35	..	1·47	..
Commissioners of Divisions	4·02	0·72	4·09	0·74	3·95	0·72
District Administration—						
General Establishment ..	37·57	6·73	38·18	6·87	37·52	6·73
Treasury Establishment	1·38	0·22	1·49	0·31	1·55	0·28
Sub-divisional Establishment.	3·09	0·51	3·39	0·52	3·44	0·52
Other Establishments ..	2·72	0·50	2·69	0·49	2·46	0·49
Discretionary grants ..	1·52	0·39	1·59	0·23	1·57	0·18

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
English Stores	..	..	..	..	..	..
Miscellaneous	0·02	0·01	(100)	..	0·25	..
Ministers	1·17	..	1·14	..	1·15	..
Expenditure in England..	3·75	..	3·80	..	3·93	..
Total ..	71·98	9·08	73·50	9·16	75·10	8·92

A.—*Basic figure.*

53. The provision for discretionary grants for the whole province has been reduced to 0·30 in 1931-32 instead of the usual provision of 1·60. The average expenditure of Orissa is 9·05. To the average must be added some portion of the expenditure in England, the cost of the Oriya Translator and his establishment. The average expenditure in England is 3·91 for the whole province, out of which about two-thirds (2·61) comes under the heads "Commissioners of Divisions" and "District Administration" which are the only heads with which we are now concerned. On the basis of the officers employed in Orissa, 1/7th of 2·61—say 0·37, should be taken to Orissa. The cost of the Oriya Translator is 0·06. Some officers stationed in Orissa also draw their leave salary outside the division when the leave is spent in India. It is estimated that the payments on this account amount annually to 0·22. The average expenditure on discretionary grants is 0·27 against a corresponding expenditure for the whole province of 1·56—say 1/6. In 1931-32, Government has reduced the provision to 0·30 for the whole province and on the basis of the proportionate expenditure on this account the share of Orissa would be only 0·05 which is too small for a province with a Governor of its own. A reasonable figure would be 0·12. As we have taken in the average of 9·11 a sum of 0·27, 0·15 should be deducted from the average as a saving in discretionary grants. The total basic figure is therefore :—

Average disbursements	9·05
Expenditure in England	0·37
Leave salary in India drawn outside Orissa	0·22
Oriya Translator	0·06
Less—Saving in discretionary grants	0·15
	9·55

B.—*Cost of separation.*

54. The cost of separation affecting the headquarters of Government falls under the following sub-heads :—

Heads of provinces.

Legislative bodies.

Secretariat and Headquarters Establishment.

55. *Heads of Provinces.*—On the analogy of other provinces and taking into consideration the probable nature af the new constitution of the provinces, we may assume that the future Government will consist of a Governor (who will not have a port-folio) and two Ministers. We may also assume—as in the case of Assam—a Private Secretary and an A.-D.-C. of the rank respectively of Major and Lieutenant with the usual allowances. On the above assumptions, the cost may be calculated as follows :—

Salary of Governor (I. C. S. Rs. 5,500)	0·66
Sumptuary allowance	0·06
Staff and household	0·55
Contract allowances	0·10
Tour expenses	0·20
Expenditure in England	0·01
Ministers (at Rs. 3,500 each *plus* staff Rs. 6,000 and travelling allowance Rs. 6,000).	0·96
	2·54

56. The number of Secretaries Orissa will require will depend largely on whether a Revenue Commissioner is retained. The absence of such an officer would mean that in important departments like Land Revenue and Excise, together with the questions of general administration linked with them, there would be no intermediary between the district officer and Government. In many provinces, there are two such intermediaries, the Commissioner and the Board of Revenue and there is no province which has neither the one nor the other. We feel therefore that there would be serious administrative objections on the one hand to Government being deprived of the assistance of an expert in these matters and on the other to district officers being left without the advice and support of a senior touring officer. We assume therefore that the Revenue Commissioner will be retained. We think, however, that this officer can not only exercise all the functions of the Board of Revenue, but that he can also discharge the duties of Director of Land Records, Commissioner of Excise, Inspector-General of Registration, and be the head of the Forest Department. He can also be the Secretary to Government for all the departments which he controls. In the Registration, Land Records and Surveys and Excise departments he will have Personal Assistants. The work of the Commissioner is at present very light, and we are satisfied after careful enquiry, that even if Angul, as seems probable, is placed under him, and he exercises in respect of that district the functions of a High Court, the duties which we propose to assign to him will not unduly tax his energies.

57. *Secretaries to Government.*—Apart from the Revenue Commissioner, at least two other I. C. S. Secretaries will be required. Assam has, exlcuding the Secretary who is Legal Remembrancer and in charge of the Legislative Department, 3 Secretaries, and for Sind, the Sind Financial Enquiry Committee have proposed 3 Secretaries in addition to a Revenue Commissioner. These two Secretaries will be responsible for all departments except those

assigned to the Revenue Commissioner, and the Legislative Department and Legislative Council for which and for the work of the Legal Remembrancer a special officer with legal training will be needed. The average emoluments of a Secretary may be taken as basic pay Rs. 2,000, O. S. P. £30 *plus* Rs. 250 special pay—or altogether Rs. 2,650 each and of a Revenue Commissioner as Rs. 3,200 and the Secretary, Legislative Council, Rs. 1,500.

58. *Under Secretaries.*—There should be at least one I. C. S. Under Secretary, so as to give junior officers Secretariat experience. For the other Secretary there can be an Assistant Secretary or an officer of the Provincial Executive Service and one common Registrar for the whole Secretariat.

59. *Other Departments.*—For the post of Registrar, Co-operative Societies, which as proposed will be combined with those of Director of Agriculture, Director of Veterinary, and Director of Industries, it would be very desirable to have an Indian Civil Service officer; he will have experts in these departments to assist him and hence need not himself be an expert but his administrative experience will enable him to co-ordinate the work of all the development departments. An allowance similar to that of the present Registrar might be attached to the post (Rs. 150).

60. *District Officers.*—There will be 7 District Officers' posts. It will not be necessary to have a post of Settlement Officer on the cadre as the settlement has recently been completed.

61. The cost of the Secretariat Establishment will be :—

For two Secretaries (I. C. S).	Rs.	For Legislative Council Secretary.	Rs.
14 Upper Division Clerks ..	34,200	1 Superintendent	3,600
28 Lower Division Clerks ..	28,680	2 Upper Division Clerks ..	6,000
2 Stenographers	3,600	4 Lower Division Clerks ..	4,320
10 Typists	8,040	1 Stenographer and special pay ..	4,800
4 Record Suppliers	1,080	2 Typists	1,608
12 Duftary and peons	2,118	6 Record Suppliers and peons ..	1,110
Contingencies and allowances ..	6,282	Contingencies and allowances ..	3,562
Total ..	84,000	Total ..	25,000
			1,09,000

There would also be a common record room and Accounts Branch for the whole Secretariat. The cost of the two branches at Patna is about 0·20. For Orissa it may be taken at one-fourth of that sum, *i.e.*, 0·05.

62. The total cost of the Secretariat Establishment will thus be :—

Pay of Establishment	1·04
Allowances	0·06
Contingencies	0·04
Total ..	1·14

63. The additional cost of the Secretariat (excluding P. W. Secretariat Branch) will then be as follows :—

Revenue Commissioner	0·38
Fixed Travelling Allowance	0·03
2 Secretaries (I. C. S.)	0·64
1 Secretary (Legislative Department)	0·18
1 Development Commissioner	0·29
1 Under Secretary (I. C. S.)	0·12
1 Assistant Secretary	0·08
1 Registrar	0·06
Establishment charges	1·14
Total Secretariat and Headquarters Establishment ..	2·92

64. *Total superior posts and total strength of the Indian Civil Service.*—Even if the superior judicial posts are included in the cadre of Bihar or some other province, Orissa will have to pay for these posts and the consequent leave reserve. For the purpose of calculating the cost of the I. C. S. employed in the province, these posts must also be taken into account. The total number of superior posts will be 13 as follows :—

Superior posts in Orissa.

1 Revenue Commissioner.

2 Secretaries (Superior time-scale).

1 Head of Development Department.
7 District Officers.
2 District and Sessions Judges.
} Superior time-scale.

The total cadre will be as follows :—

(1) Total number of superior posts	13
(2) *Add* superior posts under the Government of India ..	1
(3) *Deduct* listed posts and posts ultimately to be listed ..	2
(4) Total number of superior posts for direct recruitment ..	12
(5) *Add* 7 per cent. for temporary appointment and deputation	1
(6) Total	13
(7) *Add* inferior posts at 38·70 per cent. of (4)	4
(8) Total number of appointments both superior and inferior ..	17
(9) Total strength of the cadre, *viz.*, 202·79 for each 100 of (4) ..	24·33
	or 25

65. *Passage concession.*—Assuming that of the 25 officers, 20 would be on active service, and 12 of them eligible for passage concession, a sum of Rs. 7,200 (*i.e.*, Rs. 50 per mensem for each officer) should be added under cost of separation.

66. *Legislative Council.*—It is not possible for us to foresee the strength of the Legislative Council under the new constitution. But as far as present practice can be any guide, a Council of 60 would seem to be adequate. The estimate for such a council is :—

President and Deputy President	0·26
Staff	0·08
Allowances and contingencies	0·48
Election expenses	0·20
Total ..	1·02

67. *Orissa Executive Cadre.—Special Departments.*—(*a*) The Bihar and Orissa cadre contains two posts of Under Secretaries to be held by junior civilians or Deputy Collectors. We have proposed above that there should be one civilian Under Secretary. The other post can be held by an Assistant Secretary who could suitably be a member of the Executive Service. One post may be provided in the Executive Service.

(*b*) The Revenue Commissioner should have a Personal Assistant as at present.

(*c*) *Settlement.*—The existing provision in the Bihar and Orissa cadre is for 24 Deputy Collectors and 54 Sub-Deputy Collectors but with the reduction of the settlement programme this is excessive and will probably shortly be reduced or absorbed. The settlement operations in Orissa have just finished and according to the programme, after December 1932 no officers will be needed for this work. It will be convenient, however, to make some provision in the cadre either under this head or under the head " Deputation Reserves " for Orissa will no longer be able to draw on the joint cadre. We would allow, therefore, one Deputy Collector and one Sub-Deputy Collector.

(*d*) *Irrigation.*—One Deputy Collector is employed on the Orissa Canals and should be retained.

(*e*) *Partition.*—The Bihar and Orissa cadre contains provision for two Deputy Collectors and four Sub-Deputy Collectors for this work. There is practically no partition work in Orissa and no special officers are ever employed. No provision need therefore be made under this head.

(*f*) *Co-operative Department.*—The question of the future staff of the Co-operative Department is under consideration and much depends on the report of the Committee now sitting, as they may recommend the employment of Sub-Deputy Collectors instead of Deputy Collectors. The cadre contains provision for 11 posts of Deputy Collectors for this work. It is estimated that one Deputy Registrar and three Assistant Registrars will be needed. Hence four posts may be included in the Orissa Executive Service for this Department.

(*g*) *Deputation Reserve.*—The present cadre contains the following posts as deputation reserve for miscellaneous posts for which there are no definitely sanctioned and localised appointments :—

	Deputy Collectors.	Sub-Deputy Collectors.
(*i*) Wards Estate	1	4
(*ii*) Cess Revaluation	2	1
(*iii*) Private Estates	1	..
(*iv*) Feudatory States	4	2
(*v*) Land Acquisition	2	1
(*vi*) Miscellaneous	5	6

The deputation reserve is not employed only on the posts mentioned but in other posts as the need arises, *e.g.*, such posts as those of Inspector of local bodies are met from this reserve.

(*i*) *Wards Estate.*—One Sub-Deputy Collector is employed on wards work in Balasore and this post should be provided in the Orissa cadre.

(*ii*) *Cess revaluation.*—Here again though few officers are often employed on this work (at present one Sub-Deputy Collector is so employed) there may be difficulty if the cadre is cut too fine. One Deputy Collector is suggested.

(*iii*) *Private Estates.*—No provision need be made.

(*iv*) *Feudatory States.*—At present three Deputy Magistrates and one Sub-Deputy Collector are employed. It is very difficult to forecast what will happen in future and whether these officers should be borne on the Orissa or Bihar cadre. They may be left out of account at present for though provision may have been made on some cadre, yet the cost is actually borne by the States as the officers are on foreign service and for our purpose it is only necessary to calculate the cost of the proposed new province.

(*v*) *Land acquisition.*—One post of Deputy Collector may be needed and should be provided.

(*vi*) *Miscellaneous.*—With a small cadre it may be difficult to provide officers for miscellaneous duties, such as inspection of local bodies, census, election work, etc. Three officers in the Executive and one in the Subordinate Service for miscellaneous duties should therefore be included.

(*vii*) There should be a leave reserve of 14 per cent. of both cadres.

68. The total strength of the two cadres will thus be as follows :—

	Orissa Executive Service.	Subordinate Service.
General Administration.		
Headquarters	22	3
Sub-division	7	8
Special Departments.		
Under Secretaries	2	..
Personal Assistant	1	..
Settlement	1	1
Irrigation	1	..
Co-operative	4	..
Cess Revaluation	1	..
Land acquisition	1	..
Miscellaneous	3	1
Total posts held by Deputy Collectors or Junior Civilians.	43	13
Deduct—I. C. S. inferior posts	4	..
Total posts in Provincial Service	39	13
Add—Leave reserve at 14 per cent.	6	2
Total ..	45	15

The cadre of the Subordinate Service is very small and an increase may be found necessary after a short time. 40 Deputy Collectors and 13 Subordinate Service officers are either in actual employment in Orissa or have been provided elsewhere. The cost of the remaining 5 Deputy Collectors and 2 Subordinate Service officers will come to Rs. 35,000.

69. *Local Audit Department.*—The audit of the affairs of local bodies in Orissa is at present conducted by two auditors and one assistant. Orissa's share of the total cost of the present local audit department therefore amounts to 0·16. To this must be added ·04 on account of a proportionate share of the pay, leave and pension of the examiner of Local Fund Accounts. If a main audit office were established in Orissa after separation the cost to Orissa would not appreciably differ since a whole-time examiner of Local Fund Accounts would not be required. The cost of separation on this account may therefore be taken at 0·20.

70. The total cost of separation under " 22-General Administration " will thus be :—

Head of Province	2·54
Secretariat and headquarters establishment	2·92
Passage concessions	0·07
Legislative Council	1·02
Local Audit	0·20
Orissa Executive cadre	0·35
Total cost of separation ..	7·10

71. *Capital expenditure.*—The headquarters will require additional accommodation and an estimate of capital expenditure is given below :—

Government House at Cuttack and furniture	9·00
(There is a small Government House at Puri which might be used for a year or two; but a permanent residence is clearly needed at Cuttack.)	
Secretariat, Council Chamber	11·00
Houses for Heads of Departments—	
(*a*) Development Commissioner	0·55
(*b*) Inspector General of Prisons, etc.	0·55
(*c*) Secretaries and Under and Assistant Secretaries	2·30
(*d*) General Lay-out	1·50
(*e*) Water supply and drainage, etc.	1·10
(*f*) Furniture	2·00
	28·00

This will be charged to capital and discharged in 30 annual equated instalments at 6 per cent. which will necessitate an addition of 2·03 under the heads of " 19-Interest "and " 21-Reduction of debt ". Expansion is nil.

(2) VIZAGAPATAM.

A.—*Basic figure.*

72. The Jeypore Agency is under the Collector of Vizagapatam as Agent to the Governor. He employs a staff of 8 clerks and typists and 2 peons for dealing with Agency matters ; other sections of the Collector's office also may deal with the Agency area but are not exclusively employed thereon. There are two Special Assistant Agents, one at Parvatipur and another at Koraput. There are also 9 taluks each under a Tahsildar. The expenditure directly referable to the Agency area is as follows :—

	Sub-divisional establishment.	Taluk establishment.	Total.
1928-29	0·43	1·61	2·04
1929-30	0·45	1·63	2·08
1930-31	0·50	1·84	2·34
	1·38	5·08	6·46

The average is 2·15 which may be taken as the basic expenditure.

B.—*Cost of separation.*

73. We consider that the establishment of a Collectorate is essential for the efficient administration of the Vizagapatam Agency tract which it is proposed to transfer to Orissa. It will not be possible for the Collector of Ganjam to manage the Agency area in addition to his own district.

As mentioned above, there are at present two special Assistant Agents in the district—one at Koraput and the other at Parvatipuram. Their cost is shown under the heads 'Taluka and Sub-divisional establishments and amounts on an average to 0·46. On separation, it will be necessary to have a Collector at Koraput together with buildings for a Collectorate and a Treasury; and also a Special Assistant Agent at Rayagada. We roughly estimate the cost of the Collector (an I. C. S. officer of about 13 or 14 years' standing) and his staff to be 0·50 and the cost of the Assistant Agent at Rayagada at 0·25. The extra cost will therefore amount to 0·29.

There will further be the following capital expenditure:

3·00 for constructing the Collectorate and Treasury buildings; 0·45 for housing Collectorate clerks at Koraput; ·12 for housing clerks at Rayagada and ·30 on account of the house for the Special Assistant at Rayagada. Total capital expenditure is 3·87 with a recurring charge of ·04 for maintenance and repairs. This charge will be taken into account under 41-Civil Works and the payment of equated instalments to pay off a loan of the amount and capital expenditure involved under 'Interest and Reduction of Debt'.

74. The cost of separation under this head may therefore be taken at 0·29. Expansion is *nil*.

(3) GANJAM.

A.—*Basic figure.*

75. Expenditure directly referable to the area concerned has been:—

	1927-28.	1928-29.	1929-30.
Collector's Establishment ..	0·67	0·65	0·78
Treasury Establishment ..	0·31	0·34	0·32
Sub-divisional Establishment	0·80	0·80	0·80
Taluk Establishment ..	2·42	2·76	2·44
Total ..	4·20	4·55	4·34

The average is 4·36. As however certain portions of the present Ganjam district will still remain with Madras the Collectors and Treasury Establishment can probably be reduced somewhat; and we may deduct 0·10. Basic expenditure may therefore be taken as 4·26:—

Expansion	*Nil*
Cost of separation	*Nil.*

Summary.

76.

(1) ORISSA.

Basic expenditure	9·55
Cost of separation	7·10
Expansion	..

(2) VIZAGAPATAM.

Basic expenditure	2·15
Cost of separation	0·29
Expansion	..

(3) GANJAM.

Basic expenditure	4·26
Cost of separation	..
Expansion	..
Total basic expenditure ..	15·96
Total cost of separation ..	7·39
Total expansion ..	..

24.—ADMINISTRATION OF JUSTICE.

(1) ORISSA.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
High Court	8·09	..	8·86	..	9·39	..
Law Officers.						
Legal Remembrancer	1·11	..	1·28	..	1·16	..
Mofussil Establishment ..	2·28	0·14	2·61	0·17	1·96	0·16
Law Reporters	0·09	..	0·09	..	0·09	..
Civil and Sessions Courts ..	21·39	2·31	21·92	2·33	21·00	2·08
Process Serving Establishment ..	3·27	0·36	3·32	0·35	3·24	0·38
Criminal Courts (including Chaukidari Panchayats).	2·18	0·31	2·28	0·33	2·47	0·31
Pleadership Examination charges	0·08	..	0·04	..	0·08	..
Expenditure in England ..	2·22	..	1·47	..	1·76	..
Total ..	40·71	3·12	41·87	3·18	41·15	2·93

A.—*Basic figure.*

77. The average of Orissa expenditure is 3·08. The expenditure in England averages 1·82 representing leave and deputation salaries and sterling Overseas pay. On the basis of the non-voted number of judicial officers generally employed in Orissa and the total number of such officers in the whole province, Orissa (including the Madras areas) should be debited with one-eleventh of 1·82, *i.e.*, 0·16.

At present, the judicial work of Orissa is done by the District Judge of Cuttack who is also the District Judge of Balasore and Puri and by the District Judge of Manbhum who is also in charge of Sambalpur and Singhbhum. There is thus only work at present for 1-1/3 District Judges. Allowing for some additional work from Ganjam, it will be necessary to employ two Judges. The

figures for Orissa above, however, include the cost of only one District Judge. But it is not at this stage necessary to make any addition to the expenditure for the charges on account of a second Judge as he will be provided for under Ganjam where there is already a District Judge.

In Angul, the Deputy Commissioner exercises Sessions powers under the Angul Regulations, while the Political Agent and Commissioner exercises the powers of a High Court. If Angul is removed from the control of the Political Agent, the powers of the High Court will be exercised by the Divisional Revenue Commissioner of Orissa.

The basic expenditure is, therefore, put at 3·24.

B.—*Cost of separation.*

78. *High Court.*—The returns of cases heard by the High Court show that very little work comes from Orissa. Taking the figures for the last five years, the yearly average number of civil cases is only 227 and of criminal cases is only 139. The total number of cases per annum from Orissa is thus only 366 as against 4,475 from Bihar. Thus of the work done by the present High Court 92·3 per cent. comes from Bihar and only 7·7 from Orissa.

There is thus no case whatever for a separate High Court or even for a Judicial Commissioner and as at present Orissa cases will presumably continue to be heard by Judges of the Patna High Court going to Orissa on circuit. It would of course be possible to place Orissa under the Madras or Calcutta High Court, but the expenditure would not thereby be reduced, and the present arrangement seems more likely to be adopted. The total cost of the Patna High Court is as follows :—

1929-30	9·39
1930-31 (revised)	9·66
1931-32 (Budget)	9·07

In addition, some portion of the expenditure in England is debitable to the High Court ; but it is not possible to ascertain the exact amount. Also there are certain items in the Administration of Justice budget which may be amalgamated with the cost of the High Court.

These are—

(*a*) Law Reporter—

	Rs.
Accounts, 1929-30	0·09
Revised estimate, 1930-31	0·08
Budget estimate, 1931-32	0·08

(*b*) Pleadership examination charges—

Accounts, 1929-30	0·08
Revised estimate, 1930-31	0·08
Budget estimate, 1931-32	0·08

The total cost of the High Court may, therefore, be taken at 10·00 including expenditure in England and Law Reporter charges. The cost of the High Court, as far as Orissa is concerned, may be taken roughly at 7·7 per cent. or 8 per cent. for the whole province of Orissa (including the territories transferred from the Central Provinces and Madras).

79. *Judicial cadre.*—The total judicial cadre of the Indian Civil Service of the proposed province will consist of two or at most three officers. It is impossible to work so small a cadre and there seems no alternative but to follow the example of Assam which has a judicial cadre jointly with Bengal and to have a joint cadre with Bihar. Assam also appears to have only three judicial posts.

Sub-Judges and Munsifs.—The judicial cadre of the province consists of 29 Sub-Judges and 92 Munsifs. The system of recruiting Munsifs direct from the bar without any training was given up some years ago in favour of the system of direct recruitment of probationers, who are in theory at least on probation for two years and receive training in judicial and magisterial work and what is more important in survey and settlement work. Owing, however, to the heavy accumulation of work and under-recruitment in recent years it has been found necessary to reduce the period of training in some cases. Of the Subordinate Judges, two are employed in Orissa—one at Cuttack and another at Sambalpur. There is also a post of Additional Sub-Judge which, though not definitely allocated to Cuttack, has been allotted to that district for some time past. It may be estimated, therefore, that three Sub-Judges will be needed.

The permanent posts of Munsifs allotted to Orissa are as follows :—

Cuttack	3
Kendrapara	1
Jaipur	1
Balasore	1
Bhadrak	1
Puri	2
Sambalpur	1
Bargarh	1

Of the Munsifs allocated to Cuttack, one is *ex-officio* Assistant Registrar for the Circuit Court and this appointment will have to be retained whatever arrangement is made for the High Court work in the new province. An Additional Munsif is also usually employed at Cuttack. So the permanent staff required for the new province may be taken at 12 Munsifs.

The cadre also contains a reserve to provide for leave vacancies and for deputations, *e.g.*, to settlement ; even though there may not be any settlement in Orissa for a number of years, it would be desirable to have a leave reserve of two, giving a total cadre of—

Sub-Judges..	3
Munsifs	12
Leave reserve	2

There would also have to be at least two probationers. If, however, the province decided to go back to the system of direct recruitment from the bar, there would be no need to have the leave reserves and the probationers. Direct recruitment might be slightly cheaper, though possibly less efficient, but it might avoid some of the difficulties which would arise from a small cadre. But whatever be the system ultimately adopted by the new province, there will be no cost of separation on this account to the new province. The expenditure directly referable to Orissa already includes the cost of three Subordinate Judges and 12 Munsifs. It also includes the leave salary of the whole staff and accordingly the cost of the two leave reserve posts need not be shown under this head.

80. A separate Government will, however, need the services of a Government Advocate. But the number of cases in Orissa in which he will have to appear is so small that a full-time officer is not needed. There are already ordinary Government pleaders and Public Prosecutors in the mofussil and if a big case is heard at Patna, a senior Pleader or a Barrister practising there can be employed as occasion arises to represent the Crown. The Cuttack Government Pleader can be similarly employed in cases coming before the Circuit Court. The extra cost of these arrangements may be put at 0·10.

81. The total extra cost may now be calculated as follows :—

The new Government's share of the High Court being 8 per cent. of 10·00	0·80
Judicial cadre	..
Law Officers of the new Government	0·10
Total ..	0·90

82. There is no scope for expansion.

(2) VIZAGAPATAM.

A.—*Basic figure.*

83. The expenditure has been :—

1927–28	0·12
1928–29	0·14
1929–30	0·18
1930–31	0·17
Total ..	0·61

The average is 0·15. It represents the expenditure of the Stationary Magistrates, one at Jeypore and the other at Gunupur. The Agent to the Governor exercises the powers of a District and Sessions Judge over the Agency area and is assisted by an Agency Sub-Judge with headquarters at Vizagapatam. The expenditure of the court of the latter being on an average, 0·19, the basic expenditure comes to 0·34. Expansion and cost of separation are *nil*.

(3) GANJAM.

A.—*Basic figure.*

84. There is a District Judge at Berhampur and three Stationary Magistrates posted to Russelkonda, Berhampur and Parlakimedi. The expenditure of past years was as follows :—

	1927-28.	1928-29.	1929-30.
Law Officers	0·09	0·09	0·08
District and Sessions Judge and Munsifs Courts ..	1·14	1·21	1·22
Stationary Magistrates	0·15	0·15	0·16
Total ..	1·38	1·46	1·46

The average of 1·43 is taken as basic. There is no scope for expansion and cost of separation is *nil.*

Summary.

85.

(1) ORISSA.

Basic expenditure	3·24
Cost of separation	0·90
Expansion	..

(2) VIZAGAPATAM

Basic expenditure	0·34
Cost of separation	..
Expansion	..

(3) GANJAM.

Basic expenditure	1·43
Cost of separation	..
Expansion	..
Total basic expenditure ..	5·01
Total cost of separation ..	0·90
Total expansion ..	..

25.—JAILS AND CONVICT SETTLEMENTS.

(1) Orissa.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Superintendence (Supervision charges appearing in Bihar)	0·69	..	0·68	..	0·68	..
Jails—Establishment ..	5·21	0·70	5·17	0·69	5·26	0·69
Jails—Dietary charges ..	5·09	0·33	5·10	0·27	4·37	0·23
Jails—Hospital charges ..	0·36	0·04	0·36	0·04	0·36	0·04
Jails—Clothing and Bedding of prisoners ..	0·75	0·05	0·77	0·05	0·65	0·04
Allowances	0·20	0·06	0·22	0·06	0·20	0·07
Sanitation charges ..	0·28	0·02	0·27	0·01	0·22	0·02
Charges for moving prisoners	0·41	0·05	0·40	0·05	0·41	0·05
Contingencies	0·98	0·13	0·94	0·09	1·01	0·11
Live stock and plant ..	0·12	0·01	0·11	0·01	0·09	0·01
Charges for police custody	0·15	0·01	0·15	0·01	0·12	0·01
Jail manufactures ..	4·43	0·17	5·76	0·20	5·62	0·06
English stores	0·22	..	0·26	..	0·18	..
Expenditure in England..	0·13	..	0·43	..	0·17	..
Total ..	19·02	1·57	20·62	1·48	19·34	1·43

A.—*Basic figure.*

86. The increase in expenditure in 1928-29 is due to a change in the classification of the accounts. Formerly, the jail manufactured articles consumed in the jails themselves were adjusted on the books of the Accountant General by reduction of expenditure instead of taking credit on the receipts side. This accounting system was changed in 1928-29. The somewhat smaller expenditure in 1929-30, as compared with the 1928-29 figures was due to the fall in the prices of food-grains. Consequently there was a reduction of 0·70 in dietary charges alone in 1929-30.

87. The average of expenditure in Orissa is 1·46 which may be accepted as basic expenditure. No part of English expenditure is debitable to Orissa.

B.—*Cost of separation.*

88. The supervising Gazetted staff in the whole province consists of—

1 Inspector General of Prisons.

4 Whole-time Superintendents in charge of Central Jails (none of which are in Orissa.)

12 part-time Superintendents in charge of district jails in collateral charge.

1 Deputy Superintendent at Bhagalpur.

Orissa has no central jail; but there are three district jails under District Medical Officers in collateral charge and 13 sub-jails under local Assistant Surgeons or Sub-divisional officers. In other provinces, *e.g.*, Assam, the posts of Inspector General of Prisons and Civil Hospitals are combined; and it is clear that in Orissa both posts should be held by one officer who will also be the Director of Public Health. The cost of the Inspector General of Prisons has been provided for under '32-Medical'.

89. The total capacity of the Orissa jails including sub-jails is 1,136. The normal average prison population of Orissa, excluding the number of Orissa prisoners confined in Bihar jails, is 470. Some Orissa prisoners are also transferred to other jails in Bihar and Chota Nagpur, namely—

Class of prisoners.	Place of confinement.
(*a*) Prisoners with more than four years' sentence—if casuals	.. Bhagalpur.
(*b*) Prisoners with more than six months' sentence—if habituals	.. Buxar.
(*c*) Juvenile prisoners	.. Monghyr.
(*d*) Educated prisoners	.. Gaya.
(*e*) Divisions I and II prisoners	.. Hazaribagh.

The number of Orissa prisoners in the above jails is on an average 180 and the net cost per head per annum of the Oriya prisoners is Rs. 159 or altogether 0·29 per annum. The cost of separation is, therefore, 0·29.

C.—*Expansion.*

90. The cost of constructing a Central Jail at Cuttack would be 10·00 and the recurring charges would be 1·21 and would certainly exceed the cost of maintaining the present district jail and of a contribution of 0·29 to Bihar. We assume, therefore, that a central jail will not be established, and the cost of expansion is, therefore, *nil.*

(2) VIZAGAPATAM.

A.—*Basic figure.*

91. The Koraput Jail was only a sub-jail before 1927 in which year it was raised to the status of a District Jail for administrative reasons. The prisoners of the Agency tracts cannot stand the climate of plains; they have to travel a long distance on foot whether they are transferred to the prisons at Waltair or Rajahmundry and this involves, too, additional expenditure. For these reasons, the Koraput Sub-jail was converted into a district jail in 1927. But since September 1931, it has again been reduced to the status of sub-jail. As a result only prisoners sentenced to one year or less are now confined there. There used to be generally about 50 prisoners undergoing sentences of more than one year. The capacity of the prison is for 360 prisoners including temporary accommodation for 150. After separation,

there will also be some difficulty in transferring any large number of prisoners to other neighbouring jails; it may, therefore, be found convenient to restore it to the status of a district jail. The expenditure of the Koraput jail and of other sub-jails was as follows:—

Year.	Koraput jail.	Other sub-jails.
1927–28	..	0·10
1928–29	0·48	0·09
1929–30	0·48	0·09
Total ..	0·96	0·28
Average ..	0·48	0·09

92. The average expenditure is 0·57 which may be accepted. (The actual expenditure in 1927-28 of Koraput jail was 0·32 which has not been taken into account as it became a district jail only in that year). Expansion is *nil*.

B.—*Cost of separation.*

93. When the Koraput jail was a district jail, prisoners up to five years used to be kept there. If it is again made a district jail, there will be very few prisoners to be transferred to other jails. The cost of separation is, therefore, *nil*.

(3) GANJAM.

	1927-28.	1928-29.	1929-30.
Jail expenditure	0·43	0·46	0·46
Jail manufactures	0·03	0·04	0·03
Total ..	0·46	0·50	0·49

A.—*Basic figure.*

94. The average is 0·48 which is taken as basic expenditure. There is not much scope for expansion and the cost of separation is *nil*.

Summary.

95.

(1) ORISSA.

Basic expenditure	1·46
Cost of separation	0·29
Expansion	..

(2) VIZAGAPATAM.

Basic expenditure	0·57
Cost of separation	
Expansion	

(3) GANJAM.

Basic expenditure	0·48
Cost of separation	..
Expansion	..

Total basic expenditure ..	2·51
Total cost of separation ..	0·29
Total expansion ..	..

26.—POLICE.

(1) ORISSA.

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Superintendence	2·69	0·36	2·58	0·39	2·77	0·38
District Executive Force ..	65·86	10·83	66·91	10·98	67·19	10·78
Village Police	0·40	0·39	0·41	0·40	0·42	0·41
Police Training Schools ..	1·19	..	1·39	..	1·29	..
Special Police	2·56	..	2·82	..	2·66	..
Railway Police	4·34	..	4·12	..	4·30	..
Criminal Investigation Department	3·21	..	3·33	..	3·28	..
Works	0·39	0·08	0·44	0·12	0·40	0·08
Miscellaneous	(279)	..	0·02	..	0·03	..
Stores	0·01	..	0·01	..	0·01	..
Expenditure in England ..	2·06	..	2·60	..	2·23	..
Total ..	82·71	11·66	84·63	11·89	84·58	11·65

A.—*Basic figure.*

96. The average of Orissa expenditure is 11·73 including 0·38 on account of 'Superintendence'—representing the cost of the office establishment of the Deputy Inspector General of Police, Orissa Division. The average English expenditure is 2·31. On the basis of the number of non-voted officers usually employed in Orissa and in the whole province, one-seventh of this or 0·33 should be debited to Orissa. The total average expenditure, therefore, comes to 12·06 which may be accepted as the basic expenditure.

B.—*Cost of separation.*

97. After separation, Orissa will have to incur additional expenditure on the following items :—

(*a*) Inspector General of Police and Establishment.

(*b*) Criminal Investigation Department.

(*c*) Railway Police.

(*d*) Police Training.

(*e*) Additional cost of a Police cadre.

These are the services which Orissa now gets as part of the Bihar and Orissa province.

98. *Inspector General of Police.*—The highest officer in Orissa now is the Deputy Inspector General. After separation, the new province (including the Madras areas) will not require a Deputy Inspector General in addition to the Inspector General. The following statement gives the net extra cost of the Inspector General and his staff :—

Inspector General of Police	0·32
Establishment	0·20
Incidental charges	0·03
	0·55
Deduct—present cost of Deputy Inspector General and his staff ..	0·38
	0·17

The Inspector General of Police will also require a Personal Assistant but this will not impose additional liabilities on the province as the appointment can be amalgamated with that of the Superintendent, Criminal Investigation Department.

99. *Criminal Investigation Department.*—With the minimum staff necessary for the Criminal Investigation Department in the new province, the cost will be 0·52.

100. *Railway Police.*—The present arrangement is that the Bengal Nagpur Railway Police in Bengal and Bihar and Orissa is under the administrative control of the Bihar and Orissa Government, the Bengal Government sharing the expenditure with the Bihar and Orissa Government. Apart from the administrative advantage of keeping the police under one and the same authority, the Orissa Railway Police charge would be too small for a separate Superintendent of Police. Orissa may, therefore, agree to leave its Railway Police under the Bihar Government as Bengal does. It is estimated that Orissa will then have to pay to Bihar 0·40 as its share of Railway Police expenditure and 0·5 as pensionary charges or a total of 0·45.

101. *Police Training.*—On an average, Orissa (including the Madras areas) could annually absorb 12 Superior Officers and Sub-Inspectors and 84 constables. The Police officers of Assam are trained at the Sarda Training

College in Bengal. A similar arrangement would be suitable for Orissa, both its superior officers and Sub-Inspectors being trained at the Bihar Training College at Hazaribagh and its constables at the school at Nathnagar. Orissa will then have to pay to Bihar a contribution of 0·15 per annum.

102. *Police cadre.*—The superior staff required for Orissa is—

Inspector General	1
Superintendent of Police, Criminal Investigation Department ..	1
District Superintendents of Police in Orissa	5
District Superintendents of Police in Ganjam and Vizagapatam..	2
Total ..	9

None of the districts except Cuttack really need inferior charges. Eight posts of Assistant or Deputy Superintendents will probably be needed to feed the superior cadre of nine superior posts (3·6 for inferior charges, 3·6 for leave reserve and one for training). If one of the posts were made a listed post, one of the eight inferior posts would be filled by a Deputy Superintendent. Accordingly the Indian Police cadre would consist of 15 officers. But the most convenient arrangement would be to combine the cadre with that of Bihar and pay for leave and passage contribution. If this were done, it would suffice to post to the new province one Assistant and two Deputy Superintendents. Additional provision is not, however, necessary for leave contribution as our basic figures and the cost of separation contain provision for leave salary ; but Orissa will have to pay for passage contribution at Rs. 50 per mensem for ten officers or 0·06 per annum.

103. The cost of separation is therefore :—

(*a*) Inspector General of Police	0·17
(*b*) Criminal Investigation Department	0·52
(*c*) Railway Police	0·45
(*d*) Training	0·15
(*e*) Passage concession	0·06
Total ..	1·35

104. Expansion is *nil.*

(2) VIZAGAPATAM.

105. The area concerned in this district is under the two District Superintendents of Police of Vizagapatam and Koraput. The taluks of Bissemcuttack, Gunupur, Rayagadda and the Narayanpatnam Agency of Parvatipuram taluk is under the District Superintendent of Police, Vizagapatam, and under the immediate supervision of the Assistant Superintendent of Police at Parvatipuram.

The latter has also charge of the remaining portion of the Parvatipuram taluk and of some of the plains area. After separation, there will be required an Assistant Superintendent of Police solely for this portion of the Agency area under the District Superintendent of Police, Koraput. For our purpose, therefore, it is assumed that the cost of the Assistant Superintendent of Police and his office staff will be the same as that of the Assistant Superintendent of Police at Parvatipuram. The headquarters of the Assistant Superintendent of Police may be at Rayagadda. The other taluks of the Jeypore Agency are under the District Superintendent of Police at Koraput. The expenditure of the two parts is as follows :—

	1927-28.	1928-29.	1929-30.
Parvatipuram Circle (excluding the office of the Assistant Superintendent of Police)	1·11	1·13	1·19
Koraput District Superintendents of Police Office ..	3·29	3·50	3·82
Total ..	4·40	4·63	5·01

A.—*Basic figure.*

106. The average is 4·68 to which must be added the cost of the office of the Assistant Superintendent of Police which is estimated at 0·10. Recently Government have passed orders reducing the Police strength of the two areas. The saving in basic expenditure is estimated as follows :—

Koraput	0·42
Parvatipuram Circle	0·15
Total ..	0·57

107. The basic expenditure is, therefore, as follows :—

Average	4·68
Office of the Assistant Superintendent of Police	0·10
Less—Reductions in establishment	0·57
	4·21

B.—*Cost of separation.*

108. There is an armed police reserve at Koraput, but to some extent the reserves in the plains are maintained or at any rate are available and may be needed for the suppression of 'fituris' (rebellions). We estimate accordingly one sergeant, four head constables and 40 constables must be added to the Koraput reserve. The cost will be 0·11. Expansion is *nil.*

(3) GANJAM.

1927-28	4·21
1928-29	4·14
1929-30	4·13
Total ..	12·48

A.—*Basic figure.*

109. The average is 4·16. To this must be added the cost of Railway police which the new province will have to bear. The railway runs through about 150 miles in the portions of the two districts concerned. If it is arranged that Bihar should provide the police for this area, the cost will approximately be 0·13. Recently Government have sanctioned a reduction in District Police establishment which is estimated at about 0·28 per annum. The basic expenditure may, therefore, be calculated as follows :—

Average	4·16
Railway Police	0·13
Deduct—Savings	0·28
	4·01

110. Expansion and cost of separation are *nil.*

Summary.

111.

(1) ORISSA.

Basic expenditure	12·06
Cost of separation	1·35
Expansion	..

(2) VIZAGAPATAM.

Basic expenditure	4·21
Cost of separation	0·11
Expansion	..

(3) GANJAM.

Basic expenditure	4·01
Cost of separation	..
Expansion	..
Total basic expenditure ..	20·28
Total cost of separation ..	1·46
Total expansion ..	..

27.—PORTS AND PILOTAGE.

112.

(1) ORISSA.

As explained in our note on the corresponding receipt head, expenditure under this head may be taken to be *nil.*

(2) VIZAGAPATAM.

Expenditure	*Nil.*

(3) GANJAM.

Expenditure	*Nil.*

Both cost of separation and expansion are also *nil.*

30.—SCIENTIFIC DEPARTMENTS.

(1) Orissa.

113. The expenditure under this head for the whole province has been :—

Items.	1927-28.	1928-29.	1929-30.
A. Archæological Department	0·12	0·09	0·03
B. Donations to Scientific Societies	0·08	0·07	0·07
C-1. Museums	0·29	0·23	0·28
C-2. Ethnological grant	..	0·06	0·07
Total ..	0·49	0·45	0·45

A.—*Basic figure.*

A is concerned with the expenditure on special repairs to the Rohtasgarh Fort (outside the Orissa Division) which is shared equally by the Provincial and Central Governments. Orissa is not concerned in this item.

B refers to expenditure incurred wholly in Ranchi.

C-1 represents expenditure on the Museum at Patna. The expenditure in these years may have been partly spent in connection with its activities in the Orissa Division ; for example, in cataloguing palm leaf manuscripts in Orissa for which some expenditure was incurred in 1927-28 and probably in 1928-29 ; but it is not geographically referable to that division. Whatever has been spent has resulted in enriching the Patna Museum.

C-2 is a grant for ethnological researches among Uraons and Mundas—hill tribes of Chota Nagpur Division.

114. Practically therefore no part of the above expenditure can be assigned to Orissa, and it is certainly not essential that any should be incurred by the new Government.

Basic expenditure	..	..	..	..	..	..
Cost of separation	..	..	..	..	..	..
Expansion ..	..	..	..	..	..	..

(2) Vizagapatam.

A.—*Basic figure.*

115. Expenditure during three years was :—

1928-29	..	..	..	..	..	..	0·01
1929-30	..	..	..	..	..	..	0·20
1930-31	..	..	..	..	..	..	0·03
					Total	..	0·24

or an average of 0·08. But a large part of this expenditure was in connection

with a hydro-electric scheme which it is understood has since been abandoned. At present there is only a small establishment at Jeypore maintained for reading rainfall and river level measurements. The monthly cost is about Rs. 30. Basic expenditure for a year would therefore amount to Rs. 360. We may take it as 0·01.

(3) GANJAM.

116. The expenditure is *nil*: So also expansion and cost of separation.

Summary.

117.

(1) ORISSA.

Basic expenditure	
Cost of separation	
Expansion	

(2) VIZAGAPATAM.

Basic expenditure	0·01
Cost of separation	..
Expansion	..

(3) GANJAM.

Basic expenditure	
Cost of separation	
Expansion	
Total basic expenditure ..	0·01
Total cost of separation ..	..
Total expansion	..

31.—EDUCATION.

(1) ORISSA.

Education—Reserved.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
Secondary	0·67	0·18	0·91	0·18	1·23	0·18
Primary	0·26	0·10	0·28	0·11	0·26	0·11
Government Special Schools ..	0·29	..	0·61	..	0·65	..
General	0·03	..	0·03	..	0·03	..
Scholarships	0·13	0·03	0·13	0·02	0·13	0·03
Total ..	1·38	0·31	1·96	0·31	2·30	0·32

A.—*Basic figure.*

118. The expenditure against—' Government Special Schools ' is net after deducting contributions from other Provinces—Bengal, etc. The expenditure and the contributions however refer to the Reformatory School at Hazaribagh and therefore Orissa is not directly concerned.

119. The average of Orissa expenditure is 0·31. The Bihar and Orissa Government does not employ a whole-time Inspector for European Schools; but a special pay of Rs. 150 per mensem is given to an Indian Educational Service Officer for this part of the work in addition to his own salary. Unless the Deputy Director is a European, Orissa will probably make similar arrangements for the inspection of European Schools in that Division. There are only three such institutions. The cost of these arrangements will be discussed under separation. For the present, the basic expenditure may be put down at 0·31 which is the 3 years' average.

Education—Transferred.

Items.	1927-28.		1928-29.		1929-30.	
	Whole Province.	Orissa.	Whole Province.	Orissa.	Whole Province.	Orissa.
University.						
Grants to University	0·23	..	0·24	..	0·25	..
Government Arts College ..	12·02	2·62	9·64	2·69	9·17	2·52
Grants to Non-Government Arts Colleges	1·56	..	1·74	..	1·79	..
Government Professional Colleges—						
(*a*) Law College, Patna ..	0·58	..	0·54	..	0·68	..
(*b*) Training College for Masters, etc. ..	0·75	0·21	0·88	0·24	0·85	0·23
Secondary.						
Secondary School for Boys ..	6·71	1·46	7·67	1·46	8·04	1·55
Secondary School for Girls ..	0·97	0·46	1·03	0·50	1·13	0·55
Direct grant to Non-Government Secondary Schools.. ..	5·39	0·69	5·55	0·81	5·81	0·71
Grants to local bodies for Secondary Education	1·60	0·47	1·77	0·48	2·91	0·64
Primary.						
Primary Schools for Girls ..	0·04	0·02	0·07	0·02	0·08	0·02
Direct grants to Non-Government Primary Schools ..	0·05	..	0·10	..	0·08	..
Grants to local bodies for Primary Education	33·67	6·63	34·00	6·51	35·98	6·81

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Government Special Schools.						
Training Schools for Masters ..	4·43	0·83	4·44	0·85	4·46	0·84
Training Schools for Mistresses	0·45	0·07	0·51	0·08	0·54	0·09
Other Schools	0·60	0·16	0·63	0·17	0·65	0·18
Direct grants to Non-Government Special Schools	0·94	0·22	1·03	0·19	1·33	0·23
General.						
Direction	1·33	..	1·28	..	1·36	..
Inspection	8·47	1·90	8·74	1·96	8·93	2·07
cholarships	1·22	0·25	1·21	0·25	1·22	0·23
Miscellaneous	1·54	0·16	1·55	0·14	1·61	0·19
Expenditure in England ..	2·13	..	1·70	..	1·69	..
English Stores	0·01	..	..	..	..	..
Total ..	85·90	16·15	85·50	16·35	89·81	16·86

A.—*Basic figure.*

120. The Government grant to the Patna University is not a fixed amount. It was Rs. 22,500 in 1927-28, Rs. 24,000 in 1928-29, Rs. 24,500 in 1929-30 and Rs. 25,000 in 1930-31. The amount budgetted for 1931-32 is also Rs. 25,000. It seems clear that for some years the Government aid to this institution has reached the maximum.

121. The average of Orissa expenditure is Rs. 16·45. There is however some danger in taking only the average expenditure as the basic figure for the Education Department. The three years' actuals show that the expenditure is steadily rising and this Department is and always will be, a growing department. It was 16·86 in 1929-30. In the circumstances, we take Rs. 16·86 instead of the average and shall allow for subsequent growth under expansion.

The average expenditure in England has been 1·84 and on the basis of the number of officers of the Indian Educational Service and the Bihar and Orissa Educational Service Class I officers employed in the whole province and in Orissa, 0·23 or 1/8 of the average expenditure in England for the whole province should be debited to Orissa. The total average expenditure comes to 17·09 which we adopt as basic figure.

B.—*Cost of separation.*

122. Of the educational institutions in the whole province which are now open to the people of the Orissa Division the following exist in that Division and their cost is already included in the average of 17·09:—

Government Arts Colleges,

Training College for Masters,

Government Secondary Schools (Boys and Girls),

Primary School for Girls,

Training School for Masters and Mistresses, and

Sanskrit School at Puri.

123. There are however the following Bihar institutions which directly serve Orissa at present :—

	Budget, 1931-32.
The Patna University	0·25
The Law College, Patna	0·70
The School Examination Board	0·59
The Sanskrit Association	0·12
The Oriental Public Library	0·23
Boy Scouts and Girl Guides Association	0·11
Reformatory at Hazaribagh	1·28
Total ..	3·28

124. *The Patna University.*—The number of Orissa students appearing at the examinations of the University is about 1/10 of the total candidates. The Government grant to the University is however so small (0·25) that Bihar Government would not probably reduce it after separation and in any case would also in view of the small number of Oriya students, not ask for a contribution from the Orissa Government.

The Law College at Patna.—The Ravenshaw College at Cuttack also possesses facilities for law students up to the B. L. standard.

School Examination Board and Sanskrit Association.—Orissa will certainly want a School Examination Board of its own which would cost including travelling allowances, examining fees and other incidental expenditure—about Rs. 3,000.

Sanskrit Association.—If Orissa continues to depend on Bihar for examination but not for inspection, it would be required to contribute 0·01 as its net share of the cost. The actuals for 1930-31 are :—

Total cost.	Total candidates.	Orissa candidates.
Rs. 9,400	5,349	431

We think it probable that Orissa will not decide to set up an association of its own. The Oriental Public Library does not concern Orissa.

Boy Scouts and Girl Guides Association.—The present grant to these two institutions is Rs. 11,500 per annum. Orissa will probably contribute Rs. 2,000.

The Reformatory School at Hazaribagh is at present shared by Bengal and Assam with Bihar and Orissa. After separation, Orissa will find it more convenient to follow the same arrangemen tthan to establish a school of its own. The number of boys from the Orissa Division at the Reformatory

School, Hazaribagh, during the three years 1927-28 to 1929-30 was on an average 5 and therefore the new province may be called upon to pay 0·04 per annum to Bihar as its share for 8 boys (including 3 from Ganjam and Vizagapatam).

The Ravenshaw College at Cuttack has not facilities for training students up to the M.Sc. standard ; nor is there likely to be any need for such facilities in Orissa. Besides there is plenty of room at the Science College at Patna and the Bihar Government will not probably insist on a special contribution from Orissa.

125. The cost to the new province for providing the same educational facilities which are now available to the Orissa Division may thus be calculated as follows :—

School Examination Board	0·03
Sanskrit Association	0·01
Oriental Public Library	..
Boy Scouts and Girl Guides Association	0·02
Reformatory School, Hazaribagh	0·04
Total ..	0·10

126. *Headquarters staff.*—The headquarters staff of the Educational Department at Patna who are also responsible for Orissa is shown below as also the corresponding staff required in Orissa after separation :—

	Number of posts in I. E. S. or Bihar and Orissa Class I.	Number of posts in Bihar and Orissa Class II.	Number of posts in Orissa.
1 Director of Public Instruction	4	..	..
1 Registrar of Examinations	..	1	..
1 Superintendent of Sankrit Studies	..	1	1
1 Superintendent of Islamic Studies	..	1	1
1 Secretary of the Madrassa Examination Board	..	..	..
1 Inspector of European Schools	..	..	..

Besides the staff employed exclusively in the teaching line in Orissa educational institutions (which are all self-contained) there are in Orissa :—

(A) 1 Inspector of Schools (Bihar and Orissa Educational Service—Class I).

(B) 1 Inspector of Schools (Bihar and Orissa Educational Service—Class I).

One of these officers works in Angul and the Feudatory States, and about four-fifths of his pay is recovered from the States.

After separation, a possible arrangement would be to replace the Inspector in Class I by a Director of Public Instruction and the second Inspector by a Class II officer, and to leave the Feudatory States to manage for themselves.

In view, however, of the inclusion of the Madras areas we think that in addition to a Director of Public Instruction, a Deputy Director in Class I will also be required ; and that, as at present, one Inspector in Class I should also be retained for Angul and the Feudatory States, which will continue to contribute Rs. 12,000 per annum. The net cost on the above basis will be 0·29.

127. The total cost of separation may therefore be put at 0·39, *viz.* :—

School Examination Board and contribution to Educational Institutions in Bihar	0·10
Overhead staff	0·29
Total ..	0·39

C.—*Expansion.*

128. There is no reason to suppose that Orissa is at present less advanced than Bihar and there is therefore no expectation of any abnormal rate of expansion in a separated Orissa. On the other hand, it is quite clear that the new Government will have to face many and insistent demands from this department. How far and at what rate it will be in a position to meet them will depend largely on a number of factors such as similar demands from other departments, its own financial position, etc. It is clear however that in this department we must allow for a steady growth of expenditure. Under expansion accordingly we propose to enter a sum of 2·21.

129. The Education Budget of Orissa proper (excluding Ganjam and Vizagapatam) may therefore be put at 20·00 as detailed below :—

Basic expenditure—		
Reserved	0·31	
Transferred	17·09	
		17·40
Cost of separation		0·39
Expansion		2·21
Total		20·00

(2) VIZAGAPATAM.

A.—*Basic figure.*

130. There are altogether about 450 elementary schools, some private, some under the management of the Agency Local Board and others Government Schools. Both the private and Agency Schools are subsidised by Government. Since 1930-31, the special Assistants to the Agent are in sole supervision of elementary education. There are 4 Secondary Schools under the management of the Local Board. Training Schools are all Government

stitutions. The expenditure on account of each of these schools and on other items is as below :—

	1927-28.	1928-29.	1929-30.
Government Primary Schools	0·06	0·05	0·07
Direct grants to non-Government Primary Schools	0·11	0·11	0·14
Grants to Agency Local Board for Primary Schools—			
Recurring	0·33	0·30	0·42
Non-recurring	0·02	0·06	0·02
Grants to Agency Local Board for Secondary Schools—			
Recurring	0·03	0·03	0·04
Non-recurring	0·10	..	0·01
Government Training Schools	0·09	0·08	0·08
Inspection	0·12	0·13	0·13
Scholarships	0·01	0·01	0·01
Total ..	0·87	0·77	0·92

The average is 0 85 which may be accepted. The cost of separation is *nil*. The present arrangements will continue.

C.—*Expansion.*

131. There is no doubt that there will be much need for increased expenditure but even if funds are available experience shows that in backward areas education spreads slowly. It may be safely assumed therefore that the education bill will not rise beyond 1·00 in the next few years. 0·15 may therefore be taken for expansion.

(3) GANJAM.

A.—*Basic figure.*

132. *Arts Colleges.*—There are two private Government aided colleges in the area which is to go to the new province ; one at Berhampur and the other at Parlakimedi. The grants-in-aid paid to these two institutions average 0·25.

Secondary Schools.—There are no Government Secondary Schools in the plains area of Ganjam ; but Government makes grants-in-aid to private schools. There is one school in the Agency area maintained by Government. Expenditure on both these accounts was as follows :—

	1927-28.	1928-29.	1929-30.
Government Secondary School	..	0·05	0·06
Grants-in-aid	0·79	0·83	0·89
Total ..	0·79	0·88	0·95

The expenditure of 1929-30, *viz.*, 0·95 may be taken.

Primary Schools.—Primary education is mainly in the hands of local bodies but there are also schools under private management. Both kinds of institutions are subsidised by Government. Education in the Agency is under Government and private management. The expenditure on this account was as below :—

	1927-28.	1928-29.	1929-30.
Primary Schools	0·89	1·03	1·09
Grants-in-aid in Plains	2·87	3·18	3·64
Grants-in-aid in Agency	0·12	0·15	0·25
Total ..	3·88	4·36	4·98

As in the case of Secondary Education, the expenditure in 1929-30 may be accepted.

Training Schools are managed by Government both in the plains and in the Agency. The expenditure in the three years concerned was :—

	1927-28.	1928-29.	1929-30.
Training Schools in Plains	0·35	0·44	0·42
Training Schools in Agency area ..	0·19	0·22	0·23
Total ..	0·54	0·66	0·65

The average of 0·62 may be taken.

Inspection.—The District Educational Officer, Berhampur, is mainly concerned with the supervision of educational institutions in the plains. Supervision of education in the Agency area is under the Agent to the Governor who is assisted by an expert staff.

	1927-28.	1928-29.	1929-30.
Inspection in Plains	0·38	0·40	0·45
Inspection in Agency	0·16	0·17	0·17
Total ..	0·54	0·57	0·62

The aveage is 0·58.

Scholarships.—This expenditure occurs mainly in the Agency area. The expenditure has averaged 0·04.

133. The basic expenditure under education may therefore be calculated as follows :—

Grants-in-aid to Arts Colleges	0·25
Secondary Schools	0·95
Primary Schools	4·98
Training Schools	0·62
Inspection	0·58
Scholarships	0·04
Total ..	7·42

B.—*Cost of separation.*

134. The cost of separation is *nil*. The District Educational Officer at Berhampur will work under the Director of Public Instruction, Cuttack.

Expansion has been provided for separately under (1) Orissa.

Summary.

135.

(1) ORISSA.

Basic expenditure	17·40
Cost of separation	0·39
Expansion	2·21

(2) VIZAGAPATAM.

Basic expenditure	0·85
Cost of separation	..
Expansion	0·15

(3)—GANJAM.

Basic expenditure	7·42
Cost of separation	..
Expansion	..
Total basic expenditure ..	25·67
Total cost of separation ..	0·39
Total expansion ..	2·36

32.—MEDICAL.

(1) ORISSA.

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Medical establishment.						
Superintendence	0·69	..	0·72	..	0·71	..
District Medical Officers ..	5·60	0·98	5·31	0·96	5·34	0·88
Reserved Medical subordinates ..	0·11	0·03	0·05	(399)	0·43	0·07

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Hospitals and Dispensaries.						
Moffusil Hospitals and Dispensaries	7·78	1·32	8·07	1·49	8·04	**1·41**
Grants to Hospitals and Dispensaries	5·34	1·09	5·72	1·11	6·82	**1·11**
Grants for Medical purposes—						
Reserved	..	..	0·03	..	0·03	..
Transferred	0·19	..	0·09	..	0·09	..
Medical Colleges and Schools.						
Medical College	2·94	..	2·90	..	2·96	..
Medical Schools	1·29	0·57	1·23	0·62	1·26	**0·63**
Schools of Indian Medicine ..	0·33	..	0·33	..	0·30	..
Post-Graduate course for Assistant and Sub-Assistant Surgeons	0·06	0·01	0·03	0·01	0·04	**0·01**
Contribution to Calcutta Medical College	..	..	..	..	0·01	..
Training of Assistant and Sub-Assistant Surgeons at Calcutta	0·02	..	0·02	..	0·02	..
Mental Hospitals	1·21	..	1·31	..	1·66	..
Radium Institute	0·37	..	0·24	..	0·22	..
Chemical Examiner	0·36	..	0·36	..	0·37	..
English Stores	0·06	..	0·03	..	0·02	..
Expenditure in England ..	1·32	..	1·50	..	1·69	..
Total expenditure ..	27·67	4·00	27·94	4·19	30·01	4·11

A.—*Basic figure.*

136. The average of Orissa expenditure is 4·10. The average of the total expenditure in England was 1·54 for the whole province. The expenditure on account of pay of District Medical Officers for the whole province and in Orissa Division being on an average 4·20 and 0·61 respectively, we add 0·22 to the basic figure of Orissa as expenditure in England, *i.e.*, 1/7 of the English expenditure bringing the basic expenditure to 4·32.

B.—*Cost of separation.*

137. The expert Medical staff now employed in Orissa consists of 5 Civi Surgeons, 17 Assistant Surgeons (including leave reserve) and 43 Sub-Assistant Surgeons (including leave reserve). This is sufficient for its district needs ; on separation, therefore, Orissa will have to provide for only the Head of the Department, the present incumbent being retained by the Bihar Government. As the new province will consist of only 7 districts, a suitable

arrangement would be to appoint an Inspector General of Civil Hospitals for Orissa who would also be Inspector General of Prisons and Director of Public Health, receiving for these additional duties a special pay of Rs. 200 per mensem. He will also require a Personal Assistant who may be an officer of the Provincial Medical Service. The cost to the Orissa Government including the necessary staff would be 0·51 as follows :—

	Rs. per mensem.
Inspector General of Civil Hospitals	2,750
Special and Overseas pay	377
Personal Assistant	302
7 Clerks	552
8 Menials	73
	4,054
Cost per annum	48,648
Allowances	1,266
Contingencies	1,086
	51,000

138. The basic figure of expenditure does not include charges on some accounts which the Bihar and Orissa Government also incurs and the benefits arising from which are at present shared both by Bihar and Orissa. Such items are :—

(*i*) Grants for Medical purposes.

(*ii*) Training of Assistant and Sub-Assistant Surgeons at the School of Tropical Medicine, Calcutta.

(*iii*) Chemical Examination.

(*iv*) Medical College for Graduate course.

(*v*) Mental Hospital.

(*vi*) Schools of Indian Medicines.

(*vii*) Itki Sanitorium.

(*viii*) Radium Institute.

(*ix*) Ranchi Mental Hospital for Europeans.

(*i*) Grants for Medical purposes consist of amounts spent in connection with the Medical Examination Board and amounts paid to the Council of Medical Registration, Child and Maternity Welfare League and Lady Hardinge Medical College, Delhi. A sum of Rs. 3,000 at least will have to be borne by the new province on separation.

(*ii*) Training of Assistant and Sub-Assistant Surgeons at the Calcutta School of Tropical Medicine may be taken at 0·01.

(*iii*) The chemical examination work of the present Government is at present done at Calcutta, and probably after separation a similar arrangement will have to be made by Orissa directly with Bengal. The average cost to the Bihar and Orissa Government on this account is 0·36 and Orissa will have to make a provision of 0·07.

(*iv*) There is only a Medical School in Orissa (a diploma course) and no facilities for a graduate course for which the students have at present to seek admission to the Medical College at Patna. The following table shows the contribution which Orissa will have to make to Bihar .—

Average number of Orissa students in junior classes	No.	11
Average cost per student which the Bihar Government has to bear	Rs.	1,290
Total cost for 11 junior students	Rs.	14,190
Average number of Orissa students in senior classes	No.	7
Average cost per student which Government has to bear	Rs.	4,380
Total cost for 7 senior students ..	Rs.	30,660
Total cost for Orissa ..	Rs.	44,850
		or 0·45

(*v*) Similarly, Orissa's contribution to the Bihar Government on account of the Indian Mental Hospital at Ranchi calculated on the basis of the last 3 years' number of Oriya patients and the cost *per capita* of the patients in the hospital is estimated at 0·26.

(*vi*) There are two Indian Schools of Medicine in Bihar: (*i*) Ayurvedic and (*ii*) Tibbi. It is understood that there is no demand for Tibbi practitioners in Orissa and only one Oriya student is at present studying at the Government Ayurvedic School at Patna. Considering the small demand for this kind of medical training in Orissa, probably Bihar Government will not insist on a contribution from Orissa.

(*vii*) The Itki Sanitorium is not open to the people of other provinces.

(*viii*) The Radium Institute is at present open to all patients in India on payment of the usual charges. Bihar will not therefore ask for a special contribution from Orissa.

(*ix*) The Bihar and Orissa Government has at present to make contributions to the Board of Trustees of the Ranchi Mental Hospital for Europeans. The amount paid in recent years was :—

1927-28	0·12
1928-29	0·19
1929-30	0·24

A proportionate charge on this account to Orissa will be 0·05.

139. The cost of separation may therefore be estimated as follows :—

Superior staff and Supervision	0·51
Grants for Medical purposes	0·03
Training at the Tropical School of Medicine, Calcutta ..	0·01
Chemical Examiner	0·07
Medical College	0·45
Mental Hospital	0·26
Contribution to the Mental Hospital for Europeans ..	0·05
Total cost of separation ..	1·38

140. Expansion is *nil*.

(2) VIZAGAPATAM.

	1927-28.	1928-29.	1929-30.
Agency Civil Surgeon and his staff	0·17	0·15	0·12
Government Medical Institutions	0·17	0·35	0·38
Local Fund Taluk Headquarters Medical Institutions	0·21	0·17	0·15
Other Local Fund Medical Institutions ..	0·07	0·05	0·05
Grants to Local Bodies	0·01	0·12	0·13
Total ..	0·63	0·84	0·83

A.—Basic figure.

141. The expenditure of 1927-28 is not comparable with that of other years. Basic expenditure may be taken as 0·84 which is the average of the last two years.

The cost of separation is *nil* as also expansion.

(3) GANJAM.

142. There is a headquarters Hospital at Berhampur in charge of a Civil Surgeon who is also the District Medical Officer for the whole district. All dispensaries in the Agency are maintained by Government and in the plains by local bodies. The Medical officers in charge of Taluk headquarters dispensaries in the plains are Government servants whose pay is finally borne by Government, other charges being borne by the local bodies. As regards other dispensaries the medical officers are paid by Government in the first instance and a sum of Rs. 136-4-0 per officer per month is recovered from the local body. There is therefore no net cost to Government on this account. Government also pays contributions to local bodies for the maintenance of rural dispensaries.

143. The expenditure for each class of dispensaries is set out below :—

	1927-28.	1928-29.	1929-30.
District Medical Officer	0·21	0·22	0·23
Headquarters Hospital, Berhampur	0·22	0·26	0·29
Other Government Hospitals and Dispensaries ..	0·62	0·78	0·92
Rural Dispensaries	0·05	0·05	0·05

The average of 1·27 may be taken as basic expenditure. Cost of separation is *nil*. Expansion is *nil*.

Summary.

144.

(1) ORISSA.

Basic expenditure	4·32
Cost of separation	1·38
Expansion	..

(2) VIZAGAPATAM.

Basic expenditure	0·84
Cost of separation	..
Cost of expansion	..

(3) GANJAM.

Basic expenditure	1·27
Cost of separation	..
Expansion	..
Total basic expenditure	6·43
Total cost of separation	1·38
Total expansion	..

33—PUBLIC HEALTH.

(1) ORISSA.

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Public Health Establishment.						
Superintendence	1·16	..	1·36	..	1·25	..
Engineering Branch	2·09	..	2·18	..	2·73	..
Sanitary Inspectors' class	0·01	..	(235)	..	(200)	..
Vaccination Establishment	0·79	0·16	0·76	0·16	0·73	0·16
Vaccine Depot	0·25	..	0·26	..	0·28	..
Grants for Public Health purposes.						
Contributions on account of Health Officers and Sanitary Inspectors	0·11	0·07	0·15	0·11	0·18	0·09
Medical examination of scholars and teaching of hygiene	0·35	0·05	0·37	0·07	0·42	0·07
Contributions to local bodies for water supply	2·75	0·07	2·66	0·16	7·27	0·31
Grants to District Boards for Public Health Schemes	0·31	0·31	0·42	0·24	0·45	0·29
Expenses in connection with epidemic diseases	0·96	0·10	1·25	0·10	1·37	0·10
Bacteriological laboratories.						
Public Health Laboratory	0·14	..	0·23	..	0·25	..
Bacteriological Laboratory	0·02	..	0·10	..	0·10	..
Pasteur Institute	..	..	0·08	..	0·17	..
Works	3·58	0·77	3·78	0·81	6·35	0·71
Stores	..	..	0·10	..	0·01	..
English expenditure	0·40	..	0·38	..	0·36	..
Total	12·92	1·53	14·08	1·65	21·92	1·73

A.—*Basic figure.*

145. The large expenditure on 'Works' was in connection with drainage, sewage and water supply in Government Institutions such as the Ravenshaw College and the Medical School, Cuttack. These schemes have been completed and there are no others under contemplation. *Omitting* therefore the works expenditure, the average comes to 0·87. This figure does not however include the charges of the Assistant Director of Public Health (an appointment recently created). The cost of his establishment is 0·12. Some part of the expenditure under "epidemic diseases" occurs by adjustment representing the cost of vaccines and other supplies from Public Health Institutes in other provinces or in Bihar. Owing to the importance of Puri as a pilgrimage centre, there is a heavy expenditure on account of the cost of vaccine lymphs supplied to Orissa. It is estimated at 0·27.

Orissa is not concerned with expenditure in England as all the officers of this department in respect of which it is incurred are employed outside Orissa.

The basic expenditure may therefore be set down as below :—

Average expenditure	0·87
Assistant Director of Public Health and his Staff ..	0·12
Cost of Vaccine	0·27
	1·26

Cost of separation is *nil.*

146. After separation, Orissa will be deprived of the services of :—

(*a*) Director of Public Health.

(*b*) The Superintending Engineer for Public Health schemes.

(*c*) The Sanitary Inspectors' class.

(*c*) The Public Health Laboratory.

(*e*) Bacteriological Laboratory.

(*f*) Pasteur Institute.

Some of these, Orissa will have to provide for specifically at some extra cost and for others, it will probably depend on Bihar to which it will make contributions for services rendered. There is no doubt that the new province must have a Director of Public Health ; but for such a small province, a separate officer is not necessary. The appointment may therefore be combined with that of the Inspector General of Prisons and of Civil Hospitals. The combined appointment has been provided for under '32 Medical'. The present Assistant Director of Public Health will also be the Personal Assistant of the Director. A small addition to the staff will be necessary to cope with the additional work of the head of a department arising out of correspondence with the Government, other heads of departments and the maintenance and preparation of statistical returns. Two clerks and a peon and other incidental charges will cost 0·04 per annum.

At present, there is only a Sub-Divisional Officer at Puri representing the Engineering Branch of this department. In the new province, the work of this branch will be mainly the supervision of the waterworks at Puri and the maintenance of drainage, sewage and water supply in Government Institutions such as the Ravenshaw College, Medical School at Cuttack and the Government House at Puri and the Secretariat at Cuttack. For this work and for any other Government Works and Public Health Schemes of local bodies that may have to be undertaken in future an Executive Engineer possessing Sanitary training will be required. The average annual cost of such an office with the necessary establishment will be 0·31 and a further sum of 0·20 (made up of 0·10 for the present works and 0·10 for future works—such as Government House, etc.) will be needed for the annual maintenance charges of the works. This makes altogether 0·51. This will constitute the minimum net expenditure which the new Government will have to bear. Any big new project of a local body can be carried out by employing additional staff at the expense of the local body. A Superintending Engineer will thus not be needed.

147. Orissa will probably agree to share with the Bihar Government the expenditure on the following institutions on the basis of the actual services rendered :—

	Contribution to Bihar. Rs.
Sanitary Inspector's class	200
Public Health Laboratory	4,000
Bacteriological Laboratory	1,800
Pasteur Institutes	2,000
Total ..	8,000

148. The total cost of separation will thus be :—

Staff of the Director of Public Health	0·04
Staff of the Executive Engineer, Public Health Department	0·31
Maintenance charges of Government Public Health schemes	0·20
Contribution to Bihar for other services rendered	0·08
	0·63

C.—*Expansion.*

149. There is not much scope for expansion except in connection with the new Government buildings that will be constructed after separation. But as allowance has been made for this under the cost of separation, expansion is *nil.*

(2) VIZAGAPATAM.

1927-28	0·20
1928-29	0·22
1929-30	0·28
	0·70

A.—*Basic figure.*

150. The expenditure was on account of the pay of an Inspector, and of Vaccinators. The average is 0·23. The cost of supplying sera and vaccine lymph which averages annually 0·04 must also be added. The average total expenditure is thus 0·27 which may be accepted as the basic figure.

B.—*Cost of separation.*

151. The cost of separation will be *nil*, as the staff works under the Agency Civil Surgeon, who is provided for under 'Medical'.

(3) GANJAM.

152. The Public Health Department is under the District Medical Officer for the Agency area and under the District Health Officer at Chatrapur for the plains. The direct expenditure incurred by them is as below :—

	1927-28.	1928-29.	1929-30.
Plains area	0·15	0·16	0·19
Agency	0·15	0·14	0·15
Total ..	0·30	0·30	0·34

A.—*Basic figure.*

153. Average is 0·31 to which must be added 0·03 being the cost of vaccine supplied by the Director, King Institute, Guindy. The basic expenditure is 0·34.

154. Both expansion and cost of separation is *nil.*

Summary.

155.

(1) ORISSA.

Basic expenditure	1·26
Cost of separation	0·63
Expansion	*Nil.*

(2) VIZAGAPATAM.

Basic expenditure	0·27
Cost of separation	*Nil.*
Expansion	*Nil.*

(3) GANJAM.

Basic expenditure	0·34
Cost of separation	..
Expansion	..
Total basic expenditure ..	1·87
Total cost of separation ..	0·63
Total expansion ..	..

34.—AGRICULTURE.

(1) Orissa.

Items.	1927-28. Whole province.	1927-28. Orissa.	1928-29. Whole province.	1928-29. Orissa.	1929-30. Whole province.	1929-30. Orissa.
Agriculture.						
Superintendence	0·64	..	0·72	..	0·74	..
Expert staff	1·85	0·29	1·90	0·21	2·16	0·21
Sabour Estate	0·05	..	0·06	..	0·07	..
Experimental Farms	2·60	0·58	2·72	0·60	3·39	0·63
Agricultural Education	..	..	..	..	0·02	..
Public Service	0·56	0·04	1·17	0·01	1·03	0·02
Veterinary.						
Superintendence	0·94	0·17	0·78	0·17	0·80	0·18
Subordinate Establishment ..	0·46	0·07	0·46	0·06	0·49	0·08
Hospitals and Dispensaries ..	1·37	0·29	1·72	0·27	1·98	0·46
Veterinary Instruction (Patna) ..	0·88	..	0·64	..	0·43	..
Cattle Breeding Farm (Patna) ..	1·25	..	0·66	..	0·58	..
Co-operative Credit	3·18	0·80	3·56	0·69	3·67	0·73
English Stores	0·21	..	0·04	..	0·05	..
Expenditure in England ..	0·48	..	0·69	..	0·47	..
Total expenditure in Angul ..	0·37	..	0·11	..	0·30	..
Total charges ..	14·84	2·24	15·23	2·01	16·18	2·31

A.—*Basic figure.*

156. The average Orissa expenditure is 2·19; but this refers to expenditure in India only. The average expenditure in England of the whole province is 0·65. On the basis of the average number of officers of the Indian Agricultural and Veterinary Services employed in the whole province and in Orissa, 0·09 should be debited to Orissa, being one-seventh of the average English expenditure.

157. Besides the expenditure of the Veterinary Department recorded above, further expenditure on account of Veterinary Service is also incurred by the Department; but is kept outside the service head of account. This expenditure is for sera and vaccine purchased from the Muktesar Laboratory for and on behalf of the local bodies. A large part of these recoveries are always in arrears. The amounts thus outstanding at the end of the last three years were :—

Year.	Whole province. Rs.	Orissa Division. Rs.
1927-28	66,748	434
1928-29	75,221	12,413
1929-30	55,477	11,461
Total ..	1,97,446	24,308
Average	65,815	8,103

After separation, the Orissa Division will have to pay to the Central Government, a sum of Rs. 8,000 being the probable outstandings on the date of separation. This will not however involve an extra burden on the revenues of Orissa as that amount (or a greater part of it) will be recovered from the local bodies. But it appears that most of the District Boards of the Province are financially in straitened circumstances and cannot afford to meet the expenditure incurred on the occasion of cattle epidemics. The Bihar and Orissa Government had therefore to budget for an expenditure of Rs. 25,000 and Rs. 5,000 in 1930-31 and 1931-32, respectively, for paying grants-in-aid to local bodies for the supply of serum and vaccine. It is probable therefore that Orissa will have to meet some expenditure on this account. This may be put at Rs. 5,000. (The average of the last four years is 0·07 but 1928-29 and 1929-30 were epidemic years.)

158. At the same time, some portion of the vaccine and sera supplied from the Muktesar Laboratory is departmentally used. The amount so spent in previous years was :—

	Whole province.	In Orissa.
	Rs.	Rs.
1927-28	6,532	5,008
1928-29	36,418	27,972
1929-30	24,579	15,799
1930-31	2,926	1,555
Total ..	70,455	50,334

The average is Rs. 12,584, but considering the abnormal expenditure in 1928-1929 and 1929-30 a somewhat lower figure of 0·10 must be added to the average expenditure.

159. The basic estimate of expenditure is therefore :—

(*a*) Average expenditure	2·19
(*b*) English expenditure	0·09
(*c*) Grants-in-aid in connection with supply of sera and vaccine and cattle disease	0·05
(*d*) Purchase of sera and vaccine for departmental use	0·10
Total ..	2·43

B.—*Cost of separation.*

160. *Agricultural Department.*—The Bihar and Orissa Government has one Director of Agriculture who has jurisdiction over the whole province. The whole of the Orissa Division is at present in immediate charge of two Provincial Agricultural Service Officers. Excepting for the Head of the department, no superior staff will be necessary.

A whole time officer will not be required as head of the department. A single officer, who might be designated the Development Commissioner, can hold charge of the Agricultural Veterinary Co-opertive and Industries departments. (This appointment is dealt with under General Administration.) One of the two Provincial Agricultural Officers already in Orissa can be the Personal Assistant to the Development Commissioner.

The existing office Establishment of the Assistant Director of Agriculture in Orissa consists of 3 Clerks and 5 peons. A small additional staff will also be necessary for the head of the Department. We estimate this at 3 clerks and a peon. This staff together with the existing clerks of the Agricultural and Veterinary departments in Orissa will suffice for both departments. No additional staff is therefore proposed for the Veterinary Department. The extra cost on this account is estimated at 0·05.

161. Orissa at present shares with Bihar the services of the Agricultural Engineer, the Economic Botanist and the Agricultural Engineer. On separation, Orissa could probably arrange locally for the services of a Chemist and Botanist at the Ravenshaw College at a probable total cost of 0·03 including special pay to each of them, travelling allowance and other incidental charges. It may also perhaps be feasible to arrange for well-boring operations either through the local staff of the Public Health Department or of the Orissa School of Engineering at a cost of 0·02. The extra cost on account of the expert staff may therefore be put at 0·05.

162. There are no facilities for higher or primary education in Agriculture in this province; but two scholaships are generally awarded tenable at the Nagpur College for a degree course at that University. In 1929-30, two more scholarships at the Cawnpore Agricultural College were also awarded. The establishment of an Agricultural College in Bihar is under consideration but perhaps will not materialise for some years owing to the lack of money. The new province will therefore have to rely on the present system of granting scholarships in other Universities for this branch of higher education. Orissa will probably award one scholarship every year at a cost of 0·01 in the first year, and 0·03 ultimately, assuming a 3 years course.

163. A somewhat notable event in the development of Agricultural research in recent years is the establishment, in pursuance of the recommendations of the Royal Commission on Agriculture, of a provincial Research Committee in each province to co-operate with the Imperial Council of Agricultural Research. After separation, Orissa may have to create a corresponding Provincial Council of its own. The cost of such a Council consisting of the Development Commissioner, Deputy Director of Agriculture and 3 non-officials will, however, it is estimated, be almost negligible, especially if the meeting of the council are held at the time of the Legislative Council meetings.

164. We may thus put the cost of separation (excluding the appointment of Development Commissioner) at 0·13 for the Agricultural Department:—

(I) Ministerial staff	0·05
(II) Expert staff	0·05
(III) Agricultural Education	0·03
(IV) Provincial Research Council..	..
Total ..	0·13

165. *Veterinary Department.*—The Civil Veterinary Department in Bihar and Orissa is managed by one Director, 3 Assistant Directors (Provincial Service) each in charge of a Range. The Orissa Range consists of the 5 Districts of that Division and 3 Districts of Chota Nagpur Division. On separation, the three latter districts will probably be amalgamated with the other two divisions of Bihar and some reduction can thus be made in the cost of the department in the Orissa Division proper. The highest officer of the department at Cuttack is the Range Officer with a staff of:—

2 Staff Veterinary Assistant Surgeons,
4 Reserve Veterinary Assistant Surgeons,
1 Laboratory Assistant,
3 Clerks, and
6 Peons.

On separation, the work of the Range Officer will be somewhat reduced, and he can therefore surrender:—

1 Staff Veterinary Assistant Surgeon,
2 Reserve Veterinary Assistant Surgeons,

involving a *saving* of 0·03. At present there are also two inspectors who supervise the work of the Assistant Surgeons in Cuttack, Balasore, Puri and Angul and a third for Sambalpur, Manbhum, Ranchi and Singhbhum. Sambalpur could probably be added to the charge of the two Orissa inspectors. There will therefore be no extra cost here.

It should not be necessary to strengthen the clerical staff. With the three Chota Nagpur Districts added to Bihar Ranges, there will be some reduction in the clerical work in the office of the Range Officer at Cuttack and we have provided for 3 more clerks in our proposal for the Agricultural Department.

166. There are no facilities for Veterinary instruction in Orissa and the new Government will have to make arrangements for such instruction either at the recently started Veterinary College at Patna or at Belgachia. The actual number of students of Orissa at the Patna College in 1930-31 was 4 and in 1931-1932 was also 4. Allowing for casualties and gradual expansion, Orissa could probably on the average absorb each year one Veterinary Assistant Surgeon. As the course (it is only a diploma course at present) at the Patna College is of 3 years, provision will have to be made for an average of 3 students at a cost of Rs. 500 per student or Rs. 1,500 per annum.

167. The above proposals for Agriculture and Veterinary instruction do not provide for post-graduate special training in such subjects as in Animal Husbandry, Cattle Breeding, Dairy Farming for which also some arrangement must be made. There is a dairy farm at Cuttack with a herd of about 100 animals. Another Rs. 1,500 may be added on this account.

168. The total cost of Veterinary instruction is therefore 0·03, and the cost of separation for the Veterinary Department is *nil*:—

	Rs.
Scholarships	1,500
Special training	1,500
Total ..	3,000
Deduct—Reduction in Veterinary staff	—3,000
Net cost ..	*Nil.*

The present Range Officer at Cuttack will also be the Personal Assistant to the Development Commissioner.

169. *Co-operative Credit.*—Besides the Registrar of Co-operative Societies who directs the activities of this department in the whole Province, the superior staff employed in Orissa consists at present of :—

1 Deputy Registrar (Rs. 1,000—40—1,200).

3 Assistant Registrars (of whom one is also in charge of Singhbum District—139 Societies).

The Deputy Registrar's jurisdiction extends also over the Ranchi Circle comprising the 3 districts of Hazaribagh, Ranchi and Manbhum and over Singhbhum.

170. The following table compares the work of the Department in the whole province and in Orissa :—

	Whole province.	Orissa.
Co-operative Societies	10,404	2,236
Unions and Banks	67	13

Roughly, therefore, Orissa has about a quarter of the co-operative institutions of the whole province.

After separation, therefore, the Deputy Registrar will be relieved of some work in connection with the three districts of the Ranchi circle and the Singhbhum district of the Sambalpur circle. On the other hand, unless it is decided to appoint a separate Registrar, his office work will increase to about the same extent in consequence of the work now done at head office at Patna (correspondence with the local Government, heads of departments, preparation of annual reports, maintenance of statistical information) which will devolve upon him.

171. The Registrar under the Co-operative Societies Act is vested with some statutory powers. A statutory Registrar is therefore necessary and we think that the most convenient course will be to appoint as Registrar the Development Commissioner who will also be head of the Agricultural, Veterinary and Industries departments.

He will require—

(*i*) A Personal Assistant, and

(*ii*) Headquarters staff.

(*i*) The Deputy Registrar at Cuttack can be the Personal Assistant ; but he need not be of the status of the present Deputy Registrar (Rs. 1,000—40—1,200) but only a senior Deputy Collector (700—$\frac{50}{2}$—850) with the usual special pay of Rs. 100 per mensem. There will therefore be a saving of Rs. 2,100 per annum at the rate of Rs. 175 per mensem.

(*ii*) The clerical establishment of the Deputy Registrar at Cuttack consists of 7 clerks who will be relieved of some work after separation when the 4 districts in charge of the present Deputy Registrar are taken over by Bihar. No addition to the staff is, therefore, necessary. The cost of separation on this account is accordingly *nil*.

172. The only difficulties anticipated in separating Orissa, so far as the Co-operative department are concerned are in connection with the Provincial Bank and the Co-operative Federation. These two institutions have at present jurisdiction over the whole of Bihar and Orissa. It is understood that the total investments of the provincial Bank in Orissa Banks exceed Rs. 5 lakhs in loans and are about Rs. 75,000 in cash credits. While it may be thought that these investments are not of such magnitude as to justify the separate organisation of a Provincial Bank, there are also certain other factors which may render it undesirable that the existing provincial Bank in Bihar should continue to finance the Orissa Banks. These difficulties will be accentuated if the Prvincial Bank at Patna has to rely more and more on the local Government for strengthening its fluid resources or for floating long term loans. Politics and political patriotism may also largely influence the co-operative banks and for these reasons it would seem preferable that Orissa should start its own provincial Bank with the support of its own local Government, rather than depend on the provincial Bank at Patna for its co-operative needs.

173. The present functions of the co-operative federation are to have all Banks and Societis audited, to carry on propaganda and development work and to run two training institutions—one at Sabour and the other at Cuttack. The Sabour institute provides for higher courses of training of Managers, Assistants, local Auditors, inspecting and bank Clerks while the one at Cuttack is a secondary institute imparting training to local auditors and inspecting and bank clerks only. The arguments which justify the creation of a separate provincial bank for Orissa apply also to the Federation. If however a separate Federation were started for Orissa, it would be difficult to keep its expenditure within its own resources as will be seen from the following figures:—

			Expenditure.
	Rs.		
Audit	59,800		
Development	5,800		
Training	8,300		
Total ..	73,900		
Overhead charges of a Central Federation office	7,390	(81,290) say	81,300
		Resources.	
Contributions from central.			
Central Banks, Unions and Co-operative Societies	36,500		
Development	8,100		
Training	5,200		
Add what may be considered as Orissa's share of Government subsidy	13,800	63,600	
Deficit		..	17,700

This deficit the new Government will have to make good to the new Federation in addition to continuing the present share of the subsidy pertaining to Orissa. The extra cost of separation on this account may therefore be put at Rs. 17,700 + Rs. 13,800 = Rs. 31,500 or say 0·32.

174. The cost of separation in the Co-operative Department may therefore be put at 0·30 thus :—

Subsidy to Co-operative Federation	0·32
Deduct—Savings in the appointment of a Deputy Registrar ..	—0·02
	0·30

175. The cost of separation for all departments (excluding the pay of Development Commissioner) thus comes to 0·43 as follows :—

Agricultural Department	0·13
Veterinary Department	..
Co-operative Department	0·30
	0·43

C.—*Expansion.*

176. *Agriculture.*—The activities of this department have been limited to conducting experimental farms of which there are a sufficient number in Orissa to serve its normal needs. No expansion of this department is anticipated in the near future.

Veterinary.—Besides general supervision the activities of this department are largely conducted through the agency of District Boards and Municipalities. The expansion of the activities of this department therefore depends in a large measure on the capacity of local bodies to contribute to Government 5 6ths of the cost of stationary Veterinary Assistants and ½ the cost of Touring Veterinary Surgeons lent to them, in addition to the cost of maintaining Veterinary Hospitals and Dispensaries. It is unlikely that the subordinate staff will increase to any considerable extent and the possibilities of expansion are therefore slight except in the Feudatory States of Orissa which will bear the whole cost debitable to them. The cost of expansion of this department may therefore be taken as *nil.*

Co-operative Credit.—There is undoubtedly scope for expansion in this Department but it is impossible to forecast how rapidly this will proceed. And in any case for some years after separation the task of the new Government will be to provide for the people the services which they enjoyed under the present Bihar and Orissa Government—*e.g.*, the Co-operative Federation and Co-operative Provincial Bank. The question however is so intimately connected with the cost of separation that we have preferred to deal with it under that head. Expansion may therefore be taken as *nil.*

(2) VIZAGAPATAM.

A.—*Basic figure.*

177. *Agriculture.*—Expenditure on agriculture in the Jeypore Agency is *nil.*

Veterinary.—There are 2 touring officers and one hospital under Government management.

The expenditure in recent years was :—

	Koraput Touring officers.	Hospitals.
1927-28	0·01	..
1928-29	0·01	(236)
1929-30	0·01	0·01
Total ..	0·03	0·01
Average ..	0·01	0·01

Total average is 0·02 to which must be added the establishment charges of the Touring officer at Gunupur which are estimated at 0·01. This office was recently started. There are no past actuals.

Co-operative Department.—There are 18 Co-operative Societies in the Jeypore Agency, of which 9 are Taluk societies each of which is concerned with the whole Taluk. Till 30th June 1928, there was a Deputy Registrar controlling the co-operative movement in the plains of Godavari, Ganjam and Vizagapatam and for the agency area of these districts there was an Extra Sub-Deputy Registrar. On 30th June 1928, the Deputy Registrar was relieved of the plains area of Godavari and on 5th August 1930 he was also relieved of Ganjam plains area. On 1st March 1932, the office of the Extra Sub-Deputy Registrar was also abolished and for the whole of the Vizagapatam Agency tracts there is now only one Inspector and a peon working under the direction of the Deputy Registrar, Vizagapatam. The Inspector, if his headquarters is in Agency tracts, is eligible for the Agency allowance of Rs. 15 (at present he does not draw it as his headquarters is in plains). The actual expenditure of the Inspector was :—

1927-28	0·01
1928-29	0·01
1929-30	0·01
	0·03

The average is 0·01 to which must be added the pay of his peon, the agency allowance, contingent expenditure, etc. This is estimated at 0·01.

178. The basic expenditure is thus 0·05 which may be accepted.

B.—*Cost of separation.*

179. Cost of separation will be *nil* as the Inspector will work under the sub-registrar at Berhampur. Expansion is *nil.*

(3) GANJAM.

A.—*Basic figure.*

180. *Agricultural* expenditure was :—

1927-28	0·04
1928-29	0·07
1929-30	0·06
Total ..	0·17

Average is 0·06.

Veterinary Department.—There are 4 Touring Officers and 2 Hospitals. Expenditure was as follows :—

	Hospitals.	Touring Veterinary Assistants.	Sera and Vaccine.	Total.
1927-28	0·05	0·04	0·02	0·11
1928-29	0·06	0·04	0·10	0·21
1929-30	0·05	0·04	0·01	0·10
				0·42

The average is 0·14 which may be adopted.

Co-operative Department.—There are altogether 696 institutions in the district of which about 160 will remain in Madras. They are at present supervised by a Deputy Registrar who will be necessary after separation. On account of recent changes in administration, the past actuals do not give a correct estimate of future expenditure. The actual expenditure in 1928-29 is the normal figure apart from an increase in staff sanctioned in 1929-30 and subsequent years. The future expenditure may be calculated as follows :—

Expenditure in 1928-29	0·20
Provision for subsequent increase in staff and other incidental charges	0·08
	0·28

As however about 160 societies will remain in Madras—representing the work of three inspectors and one clerk, 0·04 should be deducted to arrive at the basic expenditure of 0·24.

181. Total basic expenditure under this head of account may be taken as follows :—

Agriculture	0·06
Veterinary	0·14
Co-operative	0·24
	0·44
Expansion	*Nil.*
Cost of separation	*Nil.*

Summary.

182.

(1) ORISSA.

Basic expenditure	2·43
Cost of separation	0·43
Expansion	..

(2) VIZAGAPATAM.

Basic expenditure	0·05
Cost of separation	..
Expansion	..

(3) GANJAM.

Basic expenditure	0·44
Cost of separation	..
Expansion	..
Total basic expenditure ..	2·92
Total expansion ..	*Nil.*
Total cost of separation ..	0·43

35.—INDUSTRIES.

(1) ORISSA.

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Direction	1·04	..	1·04	..	1·11	..
Technical Education.						
College of Engineering at Patna	2·06	..	2·09	..	2·27	..
Orissa School of Engineering, Orissa	1·07	1·07	0·81	0·81	0·81	0·81
Industrial and Technical Schools	1·14	0·05	1·08	0·07	1·14	0·07
Other expenditure ..	1·35	0·08	1·34	0·11	1·37	0·17
Industrial Development.						
Circle officers	0·17	..	0·20	..	0·20	..
Cottage Industries Institute	0·77	..	1·64	..	0·99	..
Bhagalpur Silk Institute	0·12	..	0·50	..	0·51	..
Sericulture	0·06	0·01	0·07	0·01	0·09	0·01
Weaving Demonstrations	0·41	0·08	0·42	0·10	0·43	0·12
Industrial Experiments ..	0·06	..	0·08	..	0·02	..
Demonstrations and Experimental Factories ..	0·03	..	0·09	..	1·34	..
Dyeing Demonstrations	0·02	(383)	0·02	0·01	0·04	0·01
Dobby classes	0·02	..	0·02	..	0·02	..
Fisheries	0·09	..	0·11	0·01	0·11	0·02
Stores, English.. ..	..	..	..	..	0·01	..
Expenditure in England..	0·35	..	0·45	..	0·61	..
Total ..	8·76	1·29	9·96	1·12	11·07	1·21

A.—*Basic figure.*

183. The average of Orissa's expenditure is 1·21 which may be accepted as the normal expenditure. To this, however, 0·01 must be added representing the amount of an average of 4 stipends which are annually awarded to Oriya boys for training in various industrial schools, such as dyeing, and textile designing, in Bihar. Orissa is not concerned with expenditure in England.

Basic expenditure .. .. 1·22

B.—*Cost of separation.*

184. Orissa shares with the rest of the province the services of the Director of Industries, the Textile Expert, the Industrial Engineer (post at present kept in abeyance), the Superintendent of Fisheries and the Intelligence Officer who are all attached to the head office at Patna. There is also a Circle Officer at Bhagalpur who is in charge of the whole Orissa Division and six other districts of Bihar and Chota Nagpur.

185. After separation, Orissa will not require a separate Director of Industries and the Development Commissioner in charge of Agriculture, Co-Operative and Veterinary Departments can also be the Head of the Industries Department. He will, however, require as Personal Assistant an expert in some of the subjects ; whose pay may be estimated at Rs. 350—50—750. The following abstract shows the proposed staff and other incidental expenses :—

	Rs.
3 Clerks	2,620
2 Peons	300
Allowance	660
Contingencies	420
	4,000
Add cost of Personal Assistant	6,000
Total ..	10,000 or 0·10

There is already a District Fishery Officer now in Puri District (Rs. 100—5—150).

Orissa cannot afford to maintain a College of Engineering. There are at present on the average 10 Orissa students studying at the Patna College. If seats are reserved at Patna College, a contribution of Rs. 11,000 will have to be paid to Bihar annually.

It may also be necessary, in view of Orissa's vast mineral resources, to award a few stipends at the School of Mines, Dhanbad, at a cost of Rs. 1,000.

186. The total cost of separation thus comes to 0·24 as below :—

Headquarters staff	0·10
Reservation of seats at the College of Engineering ..	0·11
District Fisheries Officer	0·02
Stipends	0·01
	0·24

C.—*Expansion.*

187. A good deal of *Eri* is grown in Orissa and administrative approval has already been given to the establishment of a cottage industries institute at Cuttack at a cost of 0·13 non-recurring and 0·58 recurring. The total cost of expansion may therefore be put at 0·60 of which about 0·34 will come out of receipts.

(2) VIZAGAPATAM.

188. Expenditure, cost of separation and expansion are *nil*.

(3) GANJAM.

1927-28	0·05
1928-29	0·09
1929-30	0·05
	0·19

A.—*Basic figure.*

189. Average is 0·06. There is an Industrial School at Parlakimidi We may allow 0·04 for expansion.

Cost of separation is *nil*.

Summary.

190.

(1) ORISSA.

Basic expenditure	1·22
Cost of separation	0·24
Expansion	0·60

(2) VIZAGAPATAM.

Basic expenditure	..
Cost of separation	..
Expansion	..

(3) GANJAM.

Basic expenditure	0·06
Cost of separation	..
Expansion	0·04
Total basic expenditure ..	1·28
Total cost of separation ..	0·24
Total expansion	0·64

37.—MISCELLANEOUS DEPARTMENTS.

(1) ORISSA.

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Inspector of Factories ..	0·29	..	0·29	..	0·29	..
Gazetteers and Statistical memoirs	..	..	0·01	..	0·01	..
Cattle Census	..	..	..	..	0·01	..
Miscellaneous	..	..	..	..	0·01	..
Examinations	0·04	..	0·04	..	0·04	..
Provincial Statistics ..	0·01	..	0·01	..	0·01	..
English Stores	..	..	..	..	(486)	..
Expenditure in England..	0·08	..	0·07	..	0·11	..
Angul	..	..	..	..	..	..
Total ..	0·42	..	0·42	..	0·48	..

A.—*Basic figure.*

191. No part of this expenditure is directly referable to Orissa. But since 1930-31, the expenditure on account of motor vehicles inspection is debited to this head instead of to '47-Miscellaneous'. On the average, such expenditure in Orissa has been 0·06 which may, therefore, be taken as basic expenditure.

B.—*Cost of separation.*

192. After separation, Orissa will have to make arrangements for Factories Inspection and Labour, Inspection of Boilers and Inland Steam Survey.

There are only 25 registered factories in Orissa out of a total of 282 in the whole province and they are all so small and simple that a separate Inspector of Factories will not be necessary. Orissa can, therefore, arrange with Bihar for the inspection of her factories by the latter's staff the expenses being proportionately shared. The extra cost on this account will be 0·03.

As in the case of the present provinces of Bihar and Orissa and Assam, the boiler inspection work should be carried out by the Bengal Boiler Commissioner who will be responsible for all expenditure in connection therewith and take all fees. There are only 64 boilers in all in Orissa. No extra cost.

There are five vessels under the Indian Steam Vessels Act. The work of Marine, Survey and Inland steam vessels may be undertaken as at present by the Executive Engineer, Mahanadi Division.

The total cost of separation is, therefore, 0·03. Expansion is *nil.*

(2) VIZAGAPATAM.

A.—*Basic figure.*

193. Expenditure has been :—

	Rs.
1927-28	154
1928-29	281
1929-30	559
Total ..	994

or average Rs. 331 representing remuneration to teachers for examinations.

194. The figures do not include expenditure for motor vehicles, factories and steam boiler inspection.

There is one Inspector for motor vehicles with jurisdiction both over the plains and Agency areas of the district. The actual expenditure in 1929-30 and 1930-31 was Rs. 2,705 and Rs. 2,727 respectively. The average of the two years is Rs. 2,716. Though the motor conveyances in the plains far outnumber those in the Agency area where only about 15 motor conveyances ply, the latter serve a larger area and are far from the headquarters of the Inspector. A suitable arrangement would be to appoint an Inspector for both the Ganjam and Vizagaptam areas. The cost on this account will be discussed under Ganjam. The expenditure under this head is, therefore, taken as *nil.*

There are very few factories in the Jeypore Agency and the work of inspection may be allotted to the Sub-divisional or Taluk officers. The expenditure on this account is also *nil*.

As regards steam boiler inspection, there are about ten steam rollers of the Public Works Department in the Agency area which have to be inspected every year. As proposed for in the case of Orissa division, the work may be made over to the Bengal Boiler Commissioner who would be responsible for all expenditure in connection therewith and take all fees. There is, therefore, no expenditure.

Basic expenditure is actually Rs. 331 and we put it at 0·01 including future expansion.

B.—*Cost of separation.*

195. The cost of separation is clearly *nil*.

(3) GANJAM.

A.—*Basic figure.*

196. The only direct expenditure under this head in the past year has been on account of examination charges. The charges for the whole district were :—

1927-28	0·04
1928-29	0·04
1929-30	0·05
	0·13

which gives an average of 0·04 for the whole district of which two-thirds or 0·03 must be debited to the area to be transferred. Since 1930-31, the charges on account of the inspection of motor vehicles are also debited to this head of account. The expenditure on this account on the average is 0·04. The basic figure comes, therefore, to 0·07. Cost of separation is *nil* as also expansion.

Summary.

197.

(1) ORISSA.

Basic expenditure	0·06
Cost of separation	0·03
Expansion	..

(2) VIZAGAPATAM.

Basic expenditure	0·01
Cost of separation	..
Expansion	..

(3) GANJAM.

Basic expenditure	0·07
Cost of separation	..
Expansion	..
Total basic expenditure ..	0·14
Total cost of separation ..	0·03
Total expansion	..

41.—CIVIL WORKS.

(1) ORISSA.

Items.	1927-28.	1928-29.	1929-30.	Average.
Original works	5·47	3·57	5·20	4·75
Repairs	3·44	3·94	4·70	4·03
Grants-in-aid	1·26	1·59	1·61	1·49
Suspense	0·01	0·02	—0·07	—0·01
Total ..	10·18	9·12	11·44	10·26

A.—*Basic figure.*

198. The average is 10·26. But it does not include establishment and tools and plant charges. Establishment and tools and plant charges in the Public Works Department are, when possible, booked against the specific work to which they relate. But there is a large residue which cannot be directly allocated to any particular work and is generally at the end of the year distributed *pro-rata* by each circle on the basis of actual expenditure on original works and repairs. The Public Works Department in Bihar and Orissa is at present divided into Irrigation and Roads and Buildings Branches with separate Chief Engineers and Superintending Circles and Executive Divisions. At present, there are six executive divisions, namely, the Mahanadi, Puri and Balasore divisions which form the Orissa Canals Circle under a Superintending Engineer in the Irrigation Branch and the Cuttack, Angul and Sambalpur Divisions in the Chota Nagpur Circle of the Roads and Buildings Branch. The Sambalpur Division comprises the Sambalpur district of Orissa and also the Singhbhum district. After separation, the latter district will have to be included in some other division of the Chota Nagpur Circle. Recently partly as a measure of retrenchment and partly in view of the decreasing returns from the Orissa Canals Project (which is an unproductive concern), it has been decided to maintain only two irrigation divisions in Orissa. As no large constructive programme is contemplated, the two branches can after separation be amalgamated into one department and the establishment of the future Public Works Department in Orissa will then, so far as can be foreseen, consist of :—

(*a*) 1 Chief Engineer and Secretary to Government, Public Works Department.

(*b*) 5 Executive Divisions—

(*i*) Mahanadi, (*ii*) Puri, (*iii*) Cuttack, (*iv*) Sambalpur (including Angul) and (*v*) Orissa Canals Revenue Divisions.

Of this, the cost of (*b*) alone will enter into our basic figures. (*a*) forming part of the cost of separation. It is estimated that the establishment charges of the five divisions will be as follows :—

Mahanadi Division	1·48
Puri Division	1·09
Cuttack and Sambalpur Divisions	1·75
Orissa Canals Revenue Division	0·80
Total Establishment charges ..	5·12

199. The rateable tools and plant charges referable to Orissa have been as follows :—

Head of account.	1927-28.	1928-29.	1929-30.
XIII. Irrigation—Working Expenses	0·15	0·15	0·36
15. Miscellaneous Irrigation Expenditure	0·10	0·07	0·11
16. Construction of Irrigation Works	..	..	(69)
41. Civil Works	0·17	0·22	0·13
Total Tools and Plant Charges ..	0·42	0·44	0·60

The average is 0·49 for tools and plant charges.

200. The basic expenditure under this head is therefore :—

Original works	4·75
Repairs	4·03
Establishment (rateable)	5·12
Tools and Plant (rateable)	0·49
Grants-in-aid	1·49
Suspense	—0·01
Basic figure total ..	15·87

B.—*Cost of separation.*

201. In a larger province than that which we propose, the Public Works Department would have required two Chief Engineers and also Superintending Engineers. But we are satisfied that Orissa will not need more than a single Chief Engineer, who will also, following the practice in other provinces, be Secretary to Government for this Department. A Chief Engineer with the necessary staff will cost 0·76.

202. It is also necessary to provide for the work now done by the Electrical Engineer and Inspector and the Inspector of Lightning Conductors. Orissa can economically arrange for this work by agreeing to pay to Bihar 0·12.

203. As shown in the note under '22-General Administration' it is estimated that the new Government will have to incur some capital expenditure on headquarters buildings. Another item is the Secretariat Press. Calculated at one per cent. on their capital cost of 31·00, an addition must be made of 0·31 under 'Maintenance and repairs' to cover the cost of maintenance of the new Secretariat and other buildings directly necessitated by separation.

204. The total extra cost involved under this head on account of separation is 1·19 thus :—

Chief Engineer and his staff	0·76
Electrical Engineer, etc.	0·12
Maintenance charges of new buildings	0·31
Total ..	1·19

(2)] VIZAGAPATAM.

A.—*Basic figure.*

205. Expenditure on original works and maintenance and repairs :—

	1927-28.	1928-29.	1929-30.
Rayagadda and Gunupur sub-divisions ..	0·55	1·29	1·72
Koraput division	3·38	3·34	5·98
Total ..	3·93	4·63	7·70

The expenditure in 1929-30 was abnormal as large expenditure was incurred in that and subsequent years on new buildings, fresh communications and heavy special repairs to existing roads. This was also the case to some extent in 1928-29 ; but as these buildings and roads constructed in that and subsequent years also entail annual expenditure on maintenance and repairs, part of the abnormal expenditure of a non-recurring nature contained in the expenditure figure of 1928-29 may be regarded as the equivalent of the cost of maintenance and we may take as our basic figure the average of the first two years, namely, 4·28.

206. On account of recent changes in the Public Works Department establishments in this area, the actuals of 1927-28 and 1928-29 do not give an accurate idea of basic expenditure on this account. The actuals of the Koraput Division in 1929-30 and 1930-31 were 1·13 and 1·32 respectively or an average of 1·23. There is, however, a saving of 0·25 in consequence of the abolition of the Malkangiri and Kolab sub-divisions which is counterbalanced by the additional charge of 0·27 for establishment transferred from the Vizagapatam and the Narsapatam Division. The net additional charge being thus 0·02, the basic expenditure may be put at 1·25.

The total basic expenditure of the whole division is calculated thus :—

Works expenditure	4·28
Establishment charges	1·25
Total ..	5·53

B.—*Cost of separation.*

207. As shown in the detailed note under '22-General Administration', it is estimated that the new Government will have to incur some capital expenditure on headquarters buildings. Calculated at 1 per cent. on their capital cost of 3·87, an addition must be made of 0·04 to cover the cost of maintenance, of the buildings. The cost of separation is, therefore, 0·04.

C.—*Expansion.*

208. The Government have also under contemplation a somewhat large programme of expenditure on roads and communications estimated to cost after 1932-33, a sum of 6.00. If this programme is spread over a period of 10 years, the new Government need not borrow the necessary funds, but there will be for the first 10 years an annual expenditure of 0·60, to be met from revenue. The maintenance charges will rise gradually to a total of 0·30, and we may assume an average during the 10 years of 0·10. The cost of expansion will thus be 0·70.

(3) Ganjam.

209. In 1929-30, a Ganjam Agency Division was created for construction work in that area. It has now been abolished and the work is in charge of the Executive Engineer at Berhampur. In the plains, the construction, maintenance and repairs of roads are carried out by the District Board and in the Agency by the Government. The District Board annually gets a subsidy from Government. The expenditure in previous years on construction, maintenance and repair of buildings and roads carried out through Government Agency was as follows :—

1927-28	..	1·55
1928-29	..	2·37
1929-30	..	1·77
Total	..	5·69

In 1929-30, there was also an expenditure of 3·50 for the construction of a bridge on the Rishikulya river (since completed) and 1·18 on buildings in the Ganjam Agency Division. These two items have been omitted from the above actuals. The average is 1·90.

The roads maintained by the Board in the whole district were 842 miles for which a subsidy averaging 3·70 was given. The length of the roads in the portion of the district which is to go to the new province being about 550, the proportionate share of the subsidy is 2·47. This should be added to the average 1·90 of other Government expenditure.

210. The establishment charges of the whole Division (excluding Agency Division charges) have been as follows :—

1927-28	..	1·02
1928-29	..	1·17
1929-30	..	1·21
Total	..	3·40

The average is 1·13 from which must be deducted 0·26 being the average charges of that portion of the district which will remain in Madras. The cost of establishment may be taken at 0·87.

211. We have taken 1·90 as the average expenditure on works and repairs. Four per cent. of 1·90 or 0·08 may be taken as tools and plant charges.

212. The basic expenditure under civil works is calculated as follows :—

Works and repairs	..	1·90
Grants-in-aid	..	2·47
Establishment charges	..	0·87
Tools and plant	..	0·08
Total	..	5·32

No additional expenditure is anticipated as a result either of separation or of expansion.

Summary.

213.

(1) ORISSA.

Basic expenditure	15·87
Cost of separation	1·19
Expansion	..

(2) VIZAGAPATAM.

Basic expenditure	5·53
Cost of separation	0·04
Expansion	0·70

(3) GANJAM.

Basic expenditure	5·32
Cost of separation	..
Expansion	..
Total basic expenditure ..	26·72
Total cost of separation ..	1·23
Total expansion ..	0·70

43.—FAMINE RELIEF.

(1) ORISSA.

214. Expenditure on the relief of distress caused by famine in previous years in the whole province and in Orissa Division has been :—

Year.	Whole province.	Orissa.
1921-22	0·43	0·09
1922-23	..	..
1923-24	0·86	..
1924-25	..	..
1925-26	0·15	0·03
1926-27	0·56	0·52
1927-28	1·73	1·63
1928-29	0·06	0·06
1929-30	0·02	0·02
1930-31	(253)	(253)
Total ..	3·81	2·35

215. The share of Orissa has thus been two-thirds of the expenditure in the whole province. As the prescribed minimum balance in the Bihar and Orissa Famine Relief Fund is 15·00, we think that Orissa should maintain a corresponding fund of its own with a minimum balance of 10·00 and so long as this amount is not reached, Orissa should make an annual assignment from its revenues of 1·00.

216. When the fund was reconstituted the Bihar and Orissa Government were required under the rules to make an annual assignment of 3·00 to the fund until it reached 15·00. Neither the annual assignment nor the accumulated fund up to 15·00 may be spent on any purpose except the relief of

famine ; but the surplus above 15·00 may be spent on protective irrigation works, loans to cultivators or to repay advances from the Provincial Loans Fund. The balance in the Fund on the 31st of March of each of the following years was :—

1928-29	58·65
1929-30	42·58
1930-31	46·85

Most probably the Fund will amount at the end of 1932-33 to 26·00. As the Fund has been jointly built up by the resources of Bihar and Orissa, Orissa on separation should receive 5·20 of the balance as an asset. In the past, the Bihar and Orissa Government had borrowed from this Fund about 34·00 in order to make advances through the Provincial Loans Account, to cultivators, etc., and the portion referable to Orissa of the borrowings from the Famine Fund should be repaid to the Famine Fund of Orissa.

(2) VIZAGAPATAM.

217. There was practically no expenditure on the direct relief of famine distress during the ten years 1921-22 to 1930-31. (The total amount was less than Rs. 100). But this does not indicate that the area is or would ever be absolutely famine-proof as the term is now understood. The new Government ought, therefore, to maintain a fund of 1·00 for this district by an annual assignment of 0·10 from its revenues.

(2) GANJAM.

218. It is reported that famines varying in intensity recur about once in 10 years. The most severe famine was in 1919-20 when about 39·00 were spent either in the form of gratuitous relief or on relief works. Fortunately there was practically no famine during the ten years 1921-22 to 1930-31. During this period only 0·25 (of which 0·23 was incurred in 1924-25) were spent. The actuals of the last ten years are not, therefore, a safe guide for estimating the amount required for a Famine Relief Fund. There is, however, no reason to expect that future famines will be so severe as that of 1919-20. We think that if a Fund were required for this district alone, it should not be less than 5·00 and that, therefore, for the portion of the district which it is proposed to transfer to the Orissa province a fund of 3·00 should be provided and until the balance in the fund reaches this sum, 0·30 should be set apart annually from revenues as famine assignment.

219. For the portions of the two districts of Vizagapatam and Ganjam which are to go to the new province, the minimum amount in the Fund should be 4·00 and the annual assignment 0·40. The basic figure is thus 0·40.

220. The Madras Famine Relief Fund stood at 37·30 on 1st April 1928 and it is estimated that it will rise to 57·96 on 31st March 1933. As this balance has been built up by the joint resources of the whole presidency, we think that the Orissa Government should on separation receive 1·16.

221. On the above basis for the whole province, the minimum balance in the Orissa Famine Relief Fund would be 14·00 ; the initial contributions from the Bihar and Orissa and Madras Funds 6·36 ; and till the minimum balance is reached, the annual assignment 1·40.

222. *Summary.*

(1) ORISSA.

Basic expenditure	1·00
Cost of separation	..
Expansion	..

(2) VIZAGAPATAM.

Basic expenditure	0·10
Cost of separation	..
Expansion	..

(3) GANJAM.

Basic expenditure	0·30
Cost of separation	..
Expansion	..
Total basic expenditure ..	1·40
Total cost of separation ..	..
Total expansion ..	..

45.—PENSIONS.

(1) ORISSA.

223. The pension bill of the whole province and the payments of this directly through the Orissa treasuries have been :—

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
A. Superannuation and retired allowances	19·79	2·75	21·26	3·02	22·28	3·19
B. Compassionate allowances ..	0·06	(337)	0·07	0·01	0·10	0·01
C. Equated payment of commuted value of pensions	0·23	..	0·23	..	0·23	..
D. Passage gratuities	0·02	..	0·04	..	..	..
E. Compassionate and other gratuities	0·25	0·03	0·17	0·02	0·16	0·03
F. Pensions for distinguished and meritorious services	(90)	..	(100)	..	(130)	..
G. Donations to Provident Fund	0·15	..	0·09	..	0·12	..
H. Expenditure in England ..	6·11	..	5·98	..	7·08	..
I. *Deduct*—Pension charges debitable to Irrigation	—1·43	..	—1·64	..	—1·75	..
J. Commutation of pensions financed from ordinary revenues ..	—1·45	..	0·08	..	2·25	..
K. Commuted value of pensions ..	—0·12	..	—0·12	..	—0·13	..
L. *Deduct*—amounts recovered from other Governments	..	..	..	..	—0·13	..
Total ..	23·61	2·78	27·16	3·05	30·23	3·23

224. We are concerned with only the following sub-heads :—

A. Superannuation and Retired Allowances, B. Compassionate Allowances, E. Compassionate and other gratuities and H. Expenditure in England. Orissa is not concerned with the sub-heads D. Passage gratuities, F. Pensions for distinguished and meritorious services, G. Donations to Provident Fund and L. Deduct amounts recovered from other Governments. The other sub-heads C. Equated payment of commuted value of pensions, J. Commutation of pensions financed from ordinary revenues and K. Commuted value of pensions are dealt with separately. The remaining sub-head I. Deduct Pension charges debitable to Irrigation represents only a book adjustment whereby the Irrigation heads XIII. Irrigation Working Expenses, 15-Miscellaneous Irrigation and 16-Construction of Irrigation Works discharge their pensionary liabilities towards their Government servants by paying to this head 45-Pensions a percentage (14 p. c.) of their actual establishment charges. As we have not taken this expenditure into account when discussing the irrigation heads, the expenditure may be taken gross under this head.

225. The average expenditure in Orissa under B. Compassionate allowances and E. Compassionate and other gratuities is 0·03 which may be accepted as basic expenditure under these heads.

226. As regards ' Pensions ' proper (sub-heads concerned here are A and H), the ultimate pensionary liability of Orissa may be divided into three parts, namely :—

(*a*) Liability for pensions already earned by joint service in the whole province of Bihar and Orissa. This will be the only liability to which Orissa will be subject on the actual date of separation.

(*b*) Liability for pensions which will have been partly earned by joint service on the date of separation.

(*c*) Liability for the pensions of recruits who join after the date of separation.

Each of the three classes of liability requires consideration on different lines.

227. Dealing first with pensions already earned the following table gives the total expenditure incurred in the province as a whole on pensionary charges divisible between the two partners during the triennium ending 1929-30 and the amount actually disbursed in the form of pensions from Orissa Treasuries during the same period.

	1927-28.	1928-29.	1929-30.
Total divisible liability	25·90	27·24	29·36
Paid in Orissa	2·75	3·02	3·19

The amounts paid in Orissa are, of course, no criterion of the amount of the pensions earned in that division, as they exclude pensions drawn in England and those elsewhere than in Orissa. It will be seen that the liability for pensions is steadily growing. The total pension bill of the province has been growing at an average rate of 1·75 per annum, while the pensions drawn in Orissa have been correspondingly rising at an average rate of 0·22 per annum.

Assuming that these rates of growth will continue for the next 16 years, when the position will be stabilised, the total pension bill will then have risen to 57·36 and the amount payable in Orissa to 6·71.

228. The fairest method of dealing with pensions already earned is in our view to distribute them in the proportion which the cost of pensionable establishment in Orissa bears to the cost of pensionable establishment in the Province. On this basis, to Orissa must be attributed 16 per cent. of the divisible liability for earned pensions.

229. Assuming 1933-34 as the first year after separation, the bill for pensions earned before that date will have risen to 36·36 and the amount drawn from Orissa to 4·07. The liability will decrease as pensioners die off. It may be assumed for our purpose that the decrease will be a linear one and that the liability will be extinguished in 15 years. Actually it may be that the decrease will not be a linear one ; and that the period is of the order of 10 ; but the errors in the two assumptions will cancel each other.

230. The following table shows the liability in each year, the share, taken at 16 per cent. of Orissa in that liability, the amount likely to be drawn in Orissa Treasuries, the residues which will be drawn either in Bihar, England or elsewhere and the capitalised value of such residue on the date of separation.

Year.	Total liability.	Share of Orissa.	Drawn in Orissa.	Residue (column 3— column 4)	Present value at 6 per cent. of residue on 1-4-1933.
1	2	3	4	5	6
1933-34	36·4	5·8	4·1	1·7	1·7
1934-35	33·9	5·4	3·8	1·6	1·5
1935-36	31·5	5·0	3·5	1·5	1·3
1936-37	29·1	4·7	3·2	1·5	1·2
1937-38	26·7	4·3	2·9	1·4	1·1
1938-39	24·3	3·9	2·6	1·3	1·0
1939-40	21·8	3·5	2·4	1·	10·8
1940-41	19·4	3·1	2·0	1·1	0·7
1941-42	17·0	2·7	1·7	1·0	0·6
1942-43	14·5	2·3	1·4	0·9	0·5
1943-44	12·1	1·9	1·1	0·8	0·4
1944-45	9·7	1·5	0·8	0·7	0·4
1945-46	7·3	1·1	0·5	0·6	0·3
1946-47	4·8	0·8	0·4	0·4	0·2
1947-48	2·4	0·4	0·1	0·3	0·1
Total capitalised value of residues on 1st April 1933.					11·8

231. The sum of 11·8 therefore indicates the liability of Orissa in respect of pensions earned prior to the date of separation which the new Government has to pay to Bihar in a lump sum in order to enable the latter to meet that share of the pensions bill drawn elsewhere than in Orissa which is properly debitable to Orissa. Orissa will in addition continue to make the payments shown in column 4.

232. As regards the distribution of part-earned pensions, assuming that the average length of service required for pension is thirty years, it follows that for thirty years after separation, all pensionary charges paid will be in respect of pensions either fully or partly earned by service on the date of separation. The probable growth of the pension bill as a whole and of the payments through Orissa treasuries would be 59·1 and 6·8 respectively. The amounts under both heads which may be considered as fully earned pensions are given in columns 2 and 4 in the above table. The following table which gives the difference, worked out year by year represents the amount which can be attributed to part-earnted pensions.

Year.	Total for Province.			Payment from Orissa treasuries.					
	Total liability.	Fully earned pensions.	Part earned pensions (Column 2—Column 3).	Orissa's share of part earned pensions (16%).	Total.	Fully earned pensions. Part earned pensions (Column 6—Column 7).		Residue of Orissa's share of part earned pensions (Column 5—Column 8).	Present value of residue on 1st April 1933 at 6%.
1	2	3	4	5	6	7	8	9	10
1933-34 ..	36·4	36·4	..	..	4·1	4·1	..	..	..
1934-35 ..	38·1	33·9	4·2	0·7	4·3	3·8	0·5	0·2	0·2
1935-36 ..	39·9	31·5	8·4	1·3	4·5	3·5	1·0	0·3	0·3
1936-37 ..	41·6	29·1	12·5	2·0	4·7	3·2	1·5	0·5	0·4
1937-38 ..	43·4	26·7	16·7	2·7	4·9	2·9	2·0	0·7	0·6
1938-39 ..	45·1	24·3	20·8	3·3	5·2	2·6	2·6	0·7	0·5
1939-40 ..	46·9	21·8	25·1	4·0	5·4	2·4	3·0	1·0	0·7
1940-41 ..	48·6	19·4	29·2	4·7	5·6	2·0	3·6	1·1	0·7
1941-42 ..	50·4	17·0	33·4	5·3	5·8	1·7	4·1	1·2	0·8
1942-42 ..	52·1	14·5	37·6	6·0	6·0	1·4	4·6	1·4	0·8
1943-44 ..	53·9	12·1	41·8	6·7	6·2	1·1	5·1	1·6	0·9
1944-45 ..	55·6	9·7	45·9	7·3	6·4	0·8	5·6	1·7	0·9
1945-46 ..	57·4	7·3	50·1	8·0	6·6	0·5	6·1	1·9	1·0
1946-47 ..	59·1	4·8	54·3	8·7	6·8	0·4	6·4	2·3	1·1
1947-48 ..	59·1	2·4	56·7	9·1	6·8	0·1	6·7	2·4	1·1
1948-49 ..	59·1	..	59·1	9·5	6·8	..	6·8	2·7	1·2
1949-50 ..	59·1	..	59·1	9·5	6·8	..	6·8	2·7	1·1
1950-51 ..	59·1	..	59·1	9·5	6·8	..	6·8	2·7	1·0
1951-52 ..	59·1	..	59·1	9·5	6·8	..	6·8	2·7	0·9
1952-53 ..	59·1	..	59·1	9·5	6·8	..	6·8	2·7	0·9
1953-54 ..	59·1	..	59·1	9·5	6·8	..	6·8	2·7	0·8
1954-55 ..	59·1	..	59·1	9·5	6·8	..	6·8	2·7	0·8
1955-56 ..	59·1	..	59·1	9·5	6·8	..	6·8	2·7	0·8
1956-57 ..	59·1	..	59·1	9·5	6·8	..	6·8	2·7	0·7
1957-58 ..	59·1	..	59·1	9·5	6·8	..	6·8	2·7	0·7
1958-59 ..	59·1	..	59·1	9·5	6·8	..	6·8	2·7	0·6
1959-60 ..	59·1	..	59·1	9·5	6·8	..	6·8	2·7	0·6
1960-61 ..	59·1	..	59·1	9·5	6·8	..	6·8	2·7	0·6
1961-62 ..	59·1	..	59·1	9·5	6·8	..	6·8	2·7	0·5
1962-63 ..	59·1	..	59·1	9·5	6·8	..	6·8	2·7	0·5
Total capitalised value of residue on 1st April 1933.									21·7

233. The amount is *nil* in the first year and rises gradually up to the 16th year when the pension bill will be stabilised, and by which date the whole bill will relate to pensions partly earned on the date of separation, all those who were previously drawing pensions having died off. In respect of this class of pension, Orissa will have to meet the amounts shown in column 8 of the statement as drawn from Orissa Treasuries and to pay to Bihar, on the date of separation, a lump sum of the order of 21·7 in order to enable Bihar to meet that share of the bill for pensions partly earned on that date which is drawn elsewhere than in Orissa but which is properly debitable to Orissa.

234. Thus Orissa on the date of separation will have to pay to residual Bihar a sum of 33·5 on account of pensionary charges maturing elsewhere than in Orissa. Orissa may raise a loan to liquidate this indebtedness. If such a loan were also made repayable in 30 equated instalments of principal and interest the annual provision required for the purpose would be 2·4.

235. After the expiry of thirty years to which the statement relates, the question of shared pensions will not arise. Orissa will then have to meet the whole bill for the pensions of officers recruited after the date of separation ; on the assumptions already made this will amount to 6·8 payable from Orissa treasuries and 2·7 payable elsewhere, *i.e.*, 9·5 in all. In addition to the above two items Orissa is also liable for a payment of 0·03 annually on account of compassionate allowances, gratuities, etc.

236. The total of Orissa's pensionary liabilities are shown in the table below.

Year.	Payment from Orissa Treasuries.				Payment of pensions earned entirely after date of separation and paid elsewhere than in Orissa.	Compassionate allowances, gratuities, etc.	Total.
	Fully earned pensions.	Part earned pensions.	Pensions earned entirely after date of separation.	Repayment of debt on account of pensions paid elsewhere than in Orissa.			
1933-34 ..	4·1	..	..	2·4	..	0·03	6·53
1934-35 ..	3·8	0·5	..	2·4	..	0·03	6·73
1935-36 ..	3·5	1·0	..	2·4	..	0·03	6·93
1936-37 ..	3·2	1·5	..	2·4	..	0·03	7·13
1937-38 ..	2·9	2·0	..	2·4	..	0·03	7·33
1938-39 ..	2·6	2·6	..	2·4	..	0·03	7·63
1939-40 ..	2·4	3·0	..	2·4	..	0·03	7·83
1940-41 ..	2·0	3·6	..	2·4	..	0·03	8·13
1941-42 ..	1·7	4·1	..	2·4	..	0·03	8·23
1942-43 ..	1·4	4·6	..	2·4	..	0·03	8·43
1943-44 ..	1·1	5·1	..	2·4	..	0·03	8·63
1944-45 ..	0·8	5·6	..	2·4	..	0·03	8·83
1945-46 ..	0·5	6·1	..	2·4	..	0·03	9·03
1946-47 ..	0·4	6·4	..	2·4	..	0·03	9·23
1947-48 ..	0·1	6·7	..	2·4	..	0·03	9·23

Year.	Payment from Orissa Treasuries.				Payment of pensions earned entirely after date of separation and paid elsewhere than in Orissa.	Compassionate allowances, gratuities, etc.	Total.
	Fully earned pensions.	Part earned pensions.	Pensions earned entirely after date of separation.	Repayment of debt on account of pensions paid elsewhere than in Orissa.			
1948-49 ..	..	6·8	..	2·4	..	0·03	9·23
1949-50 ..	..	6·8	..	2·4	..	0·03	9·23
1950-51 ..	..	6·8	..	2·4	..	0·03	9·23
1951-52 ..	..	6·8	..	2·4	..	0·03	9·23
1952-53 ..	..	6·8	..	2·4	..	0·03	9·23
1953-54 ..	..	6·8	..	2·4	..	0·03	9·23
1954-55 ..	..	6·8	..	2·4	..	0·03	9·23
1955-56 ..	..	6·8	..	2·4	..	0·03	9·23
1956-57 ..	..	6·8	..	2·4	..	0·03	9·23
1957-58 ..	..	6·8	..	2·4	..	0·03	9·23
1958-59 ..	..	6·8	..	2·4	..	0·03	9·23
1959-60 ..	..	6·8	..	2·4	..	0·03	9·23
1960-61 ..	..	6·8	..	2·4	..	0·03	9·23
1961-62 ..	..	6·8	..	2·4	..	0·03	9·23
1962-63 ..		6·8	..	2·4	..	0·03	9·23
1963-64 .. and after.	..	..	6·8	..	2·7	0·03	9·53

237. The question of pensions is, it will be seen, an extremely complicated one and the above table gives only a very approximate estimate of what we regard as Orissa's liability in this respect; there are not sufficient acturial data for an exact calculation. Not only the pensions of officers who have already retired but also the part-earned pensions of those still in service have had to be taken into consideration and it was also necessary to differentiate between pensions drawn in Orissa and elsewhere. For all these factors, in the absence of acturial data a number of assumptions had to be made. As a result of the best analysis which we have been able to make, it appears that Orissa's pensionary liability may be discharged by the payment of all future pensions drawn from its own treasuries and of a lump sum of the order of 33·5 to the Government of Bihar on the date of separation, in consideration of which that Government will assume all responsibility for the pensions of all officers borne on the joint cadre whether already retired before, or still in service on, the date of separation, which are drawn elsewhere than in Orissa.

238. That the above figures will undergo considerable modification under a full acturial analysis, there is no doubt; but it seems to us that they are of the correct order of magnitude. For the present we may take 6·53 as the basic figure; subsequent increases leading to 9·53 in 1963-64 represent expansion of expenditure and also in some sense cost of separation.

(2) VIZAGAPATAM.

239. Direct disbursements from the Agency taluks have been —

1928-29	..	0·13
1929-20	..	0·13
1930-31	..	0·14
Total	..	0·40

The average is 0·13 as against the average for the whole district of 2·13. The direct expenditure represents only a very small part of the actual pensionary liability incurred by actual service in the Agency tracts. Owing to the general backwardness of the area a very large percentage of Government servants have to be recruited from the plains and after retirement draw pensions elsewhere than in the Agency taluks. The data are however too inadequate to enable us to estimate the total pensionary liability of the Jeypore Agency tracts which will be considered along with that of Ganjam District.

(3) GANJAM.

240. Direct disbursements from the area which will go to the new province have been as follows :—

1927-28	..	0·91
1928-29	..	0·96
1929-30	..	0·98
		2·85

Average is 0·95 as against the average for the whole district of 1·47. For reasons given elsewhere the direct expenditure is a small portion of the total pensionary liability of the area concerned.

241. Taking the figures for the two districts of Vizagapatam and Ganjam and on the line adopted for calculating the pensionary liability of the Orissa Division (the details of which need not be set down here) we find that the basic figure for the two districts in the initial year will be 7·44 and that the liability will increase to 10·16 in 1963-64. We assume that the share of the portions of the two districts which will be taken away from the Madras Presidency will be one-half of the whole, *i.e.*, 3·72 and 5·08, respectively.

Summary.

242.

(1) ORISSA.

Basic expenditure	..	6·53
Cost of separation	..	..
Expansion	..	3·00 (in 30 years).

(2) VIZAGAPATAM AND GANJAM.

Basic expenditure	3·72
Cost of separation	..
Expansion	1·36 (in 30 years).
Total basic expenditure ..	10·25
Total cost of separation ..	..
Total expansion ..	4·36 (in 30 years).

XLVI.—STATIONERY AND PRINTING.

(1) ORISSA.

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
A.—Government Presses.						
A.-1.—Bihar and Orissa Secretariat Press.	3·54	..	3·30	..	3·45	..
A.-2.—Gaya Jail Press ..	2·71	..	2·24	..	3·22	..
B.—Stationery Offices ..	0·06	..	0·07	..	0·06	..
C.—Printing work done at Central Press for Provincial Government.	(117)	..	(136)	..	(156)	..
D.—Purchase of Stationery Stores.	1·24	..	1·31	..	1·12	..
E.—Purchase of Plain paper to be used with Stamps.	..	..	..	..	0·44	..
F.—Discount on Plain paper.	..	..	..	..	0·09	..
G.—English Stores ..	1·13	..	1·19	..	0·76	..
H.—Expenditure in England.	0·07	..	0·11	..	0·07	..
Total ..	8·75	..	8·22	..	9·21	..

A.—*Basic figure.*

243. Orissa is not concerned with this expenditure, the whole of which was spent in connection with the Government presses and stationery office in Bihar. The Superintendent of Stationery had, however, supplied to Orissa Office plain paper to the value of 0·20 in the last three years. The basic expenditure may therefore be taken at 0·20.

B.—*Cost of separation.*

244. After separation, the new province will have to make some arrangements for printing work, for forms, and for stationery. It would also be more convenient to have a separate Secretariat press at Cuttack than to depend upon presses of another Government for the printing which will have to be carried out for the Government. The Gulzarbagh Press is three days journey from Cuttack. It will also be more economical in the long run to have a separate press. On the other hand, a separate Forms Press in Orissa is neither necessary nor economical. It would be more convenient and at the same time more economical to have forms supplied from the Gaya Jail Press. This arrangement would mean a recurring annual expenditure of 0·55 against 0·70 recurring and 1·51 non-recurring for a separate Forms Press for Orissa.

The cost of running the Secretariat Press would be 1·90 per annum.

245. The new Government will also require a Stationery office. If it were attached to the Secretariat Press as a branch thereof the cost of staff would be 0·06 and there would be an initial expenditure of 0·80 and a recurring charge of 0·35 for the purchase of Stationery stores. The total cost of separation is therefore :

Secretariat Press	1·90
Stationery Office	0·06
Payment to Bihar for supply of forms	0·55
Purchase of stationery including packing charges.. ..	0·38
Total ..	2·89

Expansion is *nil.*

246. *Capital expenditure.*—If as proposed above, a Secretariat Press alone is established, the new Government will have to incur some capital outlay as follows :—

Cost of a building	3·00
Plant and Machinery	2·00
Customs duty, freight and incidental charges	0·50
Total ..	5·50

This will be charged to capital and be discharged in 30 annual equated payments at 6 per cent. which will necessitate an addition of 0·40 under the heads 19-Interest and 21-Reduction of Debt.

(2) VIZAGAPATAM.

A.—*Basic figure.*

247. There is no expenditure directly referable to the Vizagaptam area which it is proposed to transfer to the new province. The Superintendent of Stationery supplies stationery and forms free to the officers actually working in the area. Under the system of accounts maintained by the Superintendent

of Stationery individual indents are not priced. The cost of stationery and forms supplied to a particular officer or to a particular district is not therefore available. For the purposes of the Administration Report, however, the issues are valued at the end of every year for each department. The cost of supplies thus arrived at is—

1927-28	..	10·57
1928-29	..	11·16
1929-30	..	12·44
Total	..	34·17

The average issues for the whole province are therefore 11·39 and for one district would be 0·44 ; one-tenth of this or 0·04 may therefore be debited to Vizagapatam Agency. Basic expenditure may be taken as 0·04. Both expansion and cost of separation are *nil.*

(3) GANJAM.

A.—*Basic figure.*

248. There is a Collectorate Press at Chatrapur. The direct expenditure on that account was in—

1927-28	..	0·03
1928-29	..	0·03
1929-30	..	0·03

or an average of 0·03. Paper appears to have been supplied free to the Press, and the cost may be put at 0·01. The Superintendent of Stationery, Madras, also supplied stationery and forms free to District and other officers. This is estimated at 0·44 ; two-thirds of this or 0·29 must be debited to the accounts of the portion of Ganjam which will go to the new province. The basic expenditure comes therefore to 0·33. Both expansion and cost of separation are *nil.*

Summary.

249.

(1) ORISSA.

Basic expenditure	..	0·20
Cost of separation	..	2·89
Expansion	..	..

(2) VIZAGAPATAM.

Basic expenditure	..	0·04
Cost of separation	..	..
Expansion	..	..

(3) GANJAM.

Basic expenditure	0·33
Cost of separation	..
Expansion	..
Total basic expenditure ..	0·57
Total expansion ..	*Nil.*
Total cost of separation ..	2·89

XLVII.—MISCELLANEOUS.

(1) ORISSA.

Items.	1927-28. Whole Province.	1927-28. Orissa.	1928-29. Whole Province.	1928-29. Orissa.	1929-30. Whole Province.	1929-30. Orissa.
Cost of books and periodicals.	0·10	..	0·12	..	0·14	..
Donations for Charitable purposes.	0·02	0·01	0·01	(104)	0·02	0·01
T. A. to non-officials attending Durbars.	..	..	(85)	(85)	(208)	..
Contributions	0·51	0·22	0·66	0·40	0·60	0·40
European Vagrants ..	(161)	(5)	(209)	(10)	(189)	(28)
Training of I. C. S. candidates.	0·05	..	..	..	..	..
Circuit Houses ..	0·23	0·10	0·20	0·04	0·26	..
Khedda charges ..	0·12	0·12	0·11	0·11	0·08	0·08
Miscellaneous establishment.	(340)	..	(326)	..	(316)	..
Secretariat Building establishment.	0·11	..	0·10	..	0·10	..
Rewards for destruction of wild animals.	0·08	0·03	0·09	0·03	0·07	0·03
Irrecoverable loans written off.	(283)	..	(464)	..	(15)	..
Durbar presents to Vakils	0·01	..	0·01	..	0·01	..
Miscellaneous unforeseen charges.	0·11	..	2·70	(125)	0·70	..
Miscellaneous Durbar charges.	0·02	0·01	0·01	..	0·01	..
Treatment at Pasteur Institute.	0·01	(14)	0·10	0·03	0·01	0·02
Special Commission of Enquiry.	0·01	..	0·02	0·01	0·04	(224)
Cost of passages ..	..	..	0·03	..	..	..
	1·38	0·49	4·16	0·62	2·04	0·54

A.—*Basic figure.*

250. The average expenditure in Orissa is 0·55 to which must be added the cost of books and periodicals which is estimated at 0·03. Total 0·58 which may be accepted. No additional expenditure is anticipated either as cost of separation or expansion.

(2) VIZAGAPATAM.

A.—*Basic figure.*

251. Expenditure was as follows :—

1927-28	0·02
1928-29	0·02
1929-30	0·02
1930-31	0·01
Total ..	0·07

The average is 0·02. The expenditure represents mainly rewards for the destruction of wild animals. A sum of 0·24 is also paid to the Agency local board annually for general miscellaneous purposes. It is not included in the above figures as the subsidy is actually paid to the Agency Board at Vizagapatam. This subsidy will probably have to be continued in future years also as the Agency board has not got large surplus funds at its disposal. The basic expenditure is therefore :—

Average	0·02
Subsidy to Agency Board	0·24
Total ..	0·26

252. Both expansion and cost of separation are *nil.*

(3) GANJAM.

253. Disbursements of miscellaneous nature were :—

1927-28	0·01
1928-29	0·02
1929-30	0·02
Total ..	0·05

or an average of 0·02 which may be taken.

Expansion and cost of separation are *nil.*

Summary.

254.

(1) ORISSA.

Basic expenditure	0·58
Cost of separation	..
Expansion	..

(2) VIZAGAPATAM.

Basic expenditure	0·26
Cost of separation	..
Expansion	..

(3) GANJAM.

Basic expenditure	0·02
Cost of separation	..
Expansion	..
Total Basic expenditure ..	0·86
Total cost of separation ..	..
Total expansion ..	..

XIX & XXI.—INTEREST AND REDUCTION OF DEBT.

A.—*Basic figure.*

(1) ORISSA.

255. The probable total debt of the Government of Bihar and Orissa on 31st March 1933 and the portions of it which are referable to the new province are as follows :—

Items.	Bihar and Orissa's balance of debt on 31st March 1931.	Share of Orissa.
(*a*) Pre-Reform Irrigation Debt	598·69	265·00
(*b*) Post-Reform advances	32·00	..
(*c*) Borrowings from the Famine Fund	16·67	3·33
Total ..	647·36	268·33

256. Referring to the column 'Share of Orissa', item (*a*) is the actual pre-Reform Irrigation Debt incurred on the Orissa Canals Project on which interest only is payable to the Government of India. According to our view stated in Chapter II, Orissa should be responsible for it. Item (*b*) has no reference to Orissa. Item (*c*) represents the balance of debt contracted in order to finance the Provincial Loans Account. This account shows on the one hand the advances to cultivators, local bodies, etc., by the Provincial Governments and on the other hand the repayments of such loans and advances. A fair way of distributing this debt between the provinces and Orissa is to allocate to Orissa its share in proportion to the net revenue realised under the principal heads of revenue in Orissa and in the whole province. On this basis of calculation, Orissa would be liable for 20 per cent. of 16·67 or 3·33 of the debt of Bihar and Orissa towards Famine Relief Fund. The new Government may

liquidate this liability at 5 per cent. repayable in ten equated instalments of 0·43. This amount, together with 8·50 being the interest due to the Government of India on account of the Orissa Canals Project, will form the basic figure of 8·93 under this head.

257. The question here arises to whose Famine Fund should the loan be repaid. Orissa must be held to have contributed its quota to the joint fund before separation and it is taking over its share of the debt. The amount of repayment should, therefore, in our view, be credited to the Famine Fund of Orissa.

(2) VIZAGAPATAM AND GANJAM.

258. The total debt of the Government of Madras on 31st March 1931 and the portion of it which is referable to the Vizagapatam and Ganjam areas which are proposed for transfer to the Orissa province were as follows :—

Items.	Balance of debt on 31st March 1931.	Share of new province on account of Vizagapatam and Ganjam.
(*a*) Pre-Reform Irrigation Debt	875·26	47·07
(*b*) Pre-Reform Provincial Loan Account Debt ..	14·86	..
(*c*) For productive purposes—		
(*i*) To cover revenue deficits	36·38	0·73
(*ii*) Loans and advances by Provincial Governments	112·67	2·25
(*iii*) Irrigation Works and Hydro-electric schemes ..	22·36	0·30
(*iv*) Civil Works and Commercial concerns ..	24·82	2·97
(*v*) Cauvery Mettur Project	465·95	..
Total ..	1,552·30	53·32

259. Item (*a*) is the capital outlay incurred by the Government of India before the Reforms on Irrigation Works in the Madras Presidency. The amount of 47·07 is the debt concerning the Rishikulya Irrigation Project. As in the case of Orissa Canals Project Orissa should be responsible for this after separation and be liable to the Government of India for the annual payment of interest thereon from its revenues.

260. Item (*b*) need not be considered as it will have been paid off before 1st April 1933 which we assume is the date of separation.

261. As regards items (*c*) (*i*) and (*c*) (*ii*), they are not directly referable to the areas of Vizagapatam and Ganjam which are proposed to be transferred to the new province. The former is the balance of debt incurred by the Government of Madras to cover revenue deficits in the years 1921-22, 1922-23 and 1924-25 and the latter the balance of loans taken in order to finance the transactions of the Provincial Loans Account. We think that in both these cases Orissa should take over 2 per cent. of the balance of liabilities on the date of separation, that being the percentage which the two areas of Ganjam and

Vizagapatam contribute to the joint revenues of Madras under the principal heads of revenue. As regards the revenue deficit, it is clear that the new province is liable for a proportionate share and the basis on which we proposed to calculate its share, seems to be the fairest that can be adopted. And as Orissa is taking over the assets (in the form of sums outstanding) of the Provincial Loans Account, it must also take over its share of the liabilities.

262. Item (*c*) (*iii*) could have been exactly allocated between Madras and Orissa according to the amount actually spent in Ganjam but for the fact that the Post-Reform Irrigation outlay of the whole presidency does not exactly agree with the amount borrowed to finance the outlay as the following table will show :—

Total amount borrowed	113·33
Expenditure incurred in the whole presidency	135·56

It will be seen that the amount of loan money has been supplemented by the addition of funds from the general revenues in order to cover the capital outlay incurred in excess of the amount borrowed. We think that a fair way to allocate the debt liabilities attached to Irrigation Works is to distribute the balance of debt of each year in proportion to the amount spent in the whole province and in the areas concerned. The actual amount borrowed being 113·33, the expenditure in the whole presidency (excluding the outlay on the Cauvery Mettur Project for which specific loans were raised) and in Ganjam area being 135·56 and 2·74 respectively, the share of the balance of post-Reform Irrigation Debt on 31st March 1931 debitable to Orissa on the above basis is 0·30.

263. Item (*c*) (*iv*) refers to expenditure under '60-Civil Works' with which we are not concerned and on Russelkonda Saw Mill and other commercial concerns. We are concerned only with the Saw Mill.

264. In 1920, the Madras Government sanctioned the erection of a Saw Mill at Russelkonda for dealing with timber extracted from the Government forests of Ghumsur. The entire capital was invested by Government and the whole cost of running the concern was also borne by the Government. The Mill worked from April 1922 to 30th June 1928. By the end of 1927, all the forests which were financially accessible from Russelkonda had been worked out. It was then realised that if the concern were to be charged the full cost of felling and delivery of timber from 1928 onwards the rate would be so high that the concern would work at a loss. The Government, therefore, approved the proposal to close the Mills on 1st July 1928 and to wind up the concern. The Government of Madras have recently accepted the offer of Rs. 25,000 from a merchant for the entire Saw Mill machinery at Russelkonda and the buildings except those allotted to the Public Works Department. Practically, therefore, there are no assets on the spot to be taken over by the new province. Our view in this case is that though there are no corresponding assets now Orissa should take over the balance of the debt referable to the Saw Mill. Of the total amount invested in the concern, the initial expenditure on the erection of the Mills and the machinery was met by the Government of Madras from revenues either allotted by the Government of India before the Reforms (in regard to which the Madras Government did not take over any liability)

or from its own revenues, in subsequent years except two items of 4·37 in 1924-25 and 0·13 in 1925-26 in which years alone the Government had borrowed money to finance their capital outlay on forests. The latter has been completely repaid and the amount of 2·97 shown in the last column represents the proportionate liability outstanding on 31st March 1931 in respect of 4·37 borrowed in 1924-25. Item (*c*) (*v*) has no reference to Orissa.

265. Of the amounts referable to Orissa outstanding on 31st March 1931, the Government of Madras will have already repaid a part before 1st April 1933. On that date Orissa's share of debts to be taken over from Madras will be as in the following table.

Items.	Balance of debt on 31st March 1931.	Balance of debt on 31st March 1932.
(*a*) Pre-Reform Irrigation debt	47·07	47·07
(*b*) Loan taken—		
(*i*) to cover revenue deficits	0·73	0·59
(*ii*) to finance Provincial Advance and Loan Account	2·25	2·14
(*iii*) Irrigation works and Hydro-electric schemes ..	0·30	0·28
(*iv*) Civil Works and Commercial concerns ..	2·97	2·85
Total ..	53·32	52·93

266. As item (*a*) is not repayable, the only debt liability is the annual payment of interest amounting to 1·57. This leaves a debt balance of 5·86 which the new Government can borrow at 6 per cent. as a fresh loan from the Government of India in order to liquidate its liability towards the Madras Government and repay the Government of India in 50 equated instalments of 0·37.

267. The basic figure of interest and repayment of debt on account of Vizagapatam and Ganjam areas is, therefore, 1·94.

B.—*Cost of separation.*

268. As stated in the note under '22-General Administration' and '46-Stationery and Printing', the New Government will have to incur 37·37 for the construction of the new Secretariat and connected buildings and the Secretariat Press. The new Government need not borrow the whole amount in the first year of separation. Probably, the programme will be completed in four years and funds will be borrowed according to requirements. Assuming that 13·00 will be required in the first year, 9·87 in the second, 7·50 and 7·00 in the third and fourth years respectively, and that the loan will be repaid at 6 per cent. in 30 equated instalments, the debt liability in the initial year of separation will be 0·33 and thereafter it will grow gradually to 3·01 in the fifth and subsequent years. We have taken 0·33 only as the cost of separation and subsequent increases in debt charge is treated as growth of expenditure.

C.—*Expansion.*

269. There is no doubt that there will be expansion under debt charges due to the programme of capital expenditure which it will be necessary for Orissa to undertake after separation. The estimated expenditure in each year and the resulting charge for interest and repayment of debt are given separately in Appendix V which deals with the growth of expenditure year by year. The main items of capital expenditure so far as we can see are summarised here.

(*a*) For capital outlay on forests, as explained in the note on '52-A-Capital Outlay on Forests', 0·30 will probably be spent annually in each of the first four years.

(*b*) Funds required to finance the Provincial Loans Account of the new Government are estimated at 0·20 in each of the first four years after separation. If the new Government therefore borrow this amount and make it repayable in 30 equated instalments of 0·04, the charge on the revenue in the initial year will be 0·01 and will rise to 0·16 in the fifth and subsequent years.

Summary.

270.

(1) ORISSA.

Basic figure	8·93

(2) VIZAGAPATAM AND GANJAM.

Basic figure	1·94
Total cost of separation ..	0·33
Total Expansion ..	0·01

LII-A.—CAPITAL OUTLAY ON FORESTS.

(1) ORISSA.

Items.	1927-28.	1928-29.	1929-30.
Forest Surveys	..	(306)	..
Communication and buildings and Forest Railways ..	0·41	0·46	0·31
Livestock, stores, tools and plant	0·03	0·07	0·05
Organisation, improvement and extension of forests	0·04	0·05	0·08
Suspense	(50)	..	..
Total ..	0·48	0·58	0·44

A.—*Basic figure.*

271. The average is 0·50 but in view of the fact that one of the Orissa Forest Divisions is proposed to be abolished, we think that in future years, the capital expenditure will be somewhat lower than the average indicates. We adopt 0·24 as basic expenditure. The Bihar and Orissa Government has met capital expenditure on Forests all through from current revenues and consequently there is no debt liability which the new province will have to assume on

this account. It is, however, likely that the Orissa Government may find it necessary for some years to finance the capital operations of this department from borrowed funds.

(2) VIZAGAPATAM.

272. Expenditure is *nil*.

(3) GANJAM.

A.—*Basic figure.*

273. The expenditure in the last five years was :—

1926-27	0·06
1927-28	0·03
1928-29	0·06
1929-30	0·06
1930-31	0·08
Total ..	0·29

The average is 0·06 which may be accepted as basic figure. We, therefore, put the expenditure on this account during the first four years at 0·30 to be met from loan funds. Only the cost of the payments for liquidating the debt will then be charged to revenue. Thereafter any additional capital outlay will be counter-balanced by or met from corresponding additional rev enue.

FINANCIAL.

APPENDIX III.

(1) Basic revenue of Orissa is 101·69 (*vide* Appendix I).

(2) Basic expenditure of Orissa is 99·89 (*vide* Appendix II).

(3) *Consequential changes in expenditure in Bihar.*

(1) *High Court.*

Assuming that Orissa will not have a separate High Court but will contribute a proportionate share of the cost of the Patna High Court, Bihar will gain by the amount of this contribution. The amount of contribution has been taken to be 8 per cent. of ten lakhs of rupees (*vide* Note on Administration of Justice in Appendix II). The amount by which Bihar's present expenditure on High Court will be reduced will thus be 80,000.

—80,000

(2) *Secretariat Staff of the Chief Secretary's Department.*

It is estimated that the Chief Secretary's staff can be reduced by altogether five assistants.

Net reduction roughly will be Rs. 6,000 per annum.

—6,000

(3) *Police Department.*

(*a*) *Railway Police.*—For Railway Police, Orissa will be required to pay to Bihar a total contribution of about Rs. 45,000. As against this, Orissa's share of the Railway contribution to Bihar has been estimated to be Rs. 11,000 per annum. Since, however, this amount has been included in the basic revenue of Orissa under 'Police', it is not necessary to set it off again against the estimated gross amount of contribution of Orissa. For our purposes, therefore, the amount of reduction in Bihar's expenditure may here be taken at Rs. 45,000.

—45,000

(*b*) *Criminal Investigation Department.*—It has been estimated that Bihar will be able to reduce its staff by—

1 Inspector on Rs. 175—25/3—250 (average pay Rs. 215).

2 Sub-Inspectors on Rs. 80—10/5—130 each (average pay Rs. 104).

2 Constables on Rs. 15—1—20 (average pay Rs. 17-8-0).

Reduction Rs. 5,496 per annum.

—5,496

(c) *Police training.*—For training of officers and constables in Bihar institutions, Orissa will pay to Bihar a contribution of Rs. 13,000. —13,000

Total reduction under 'Police' therefore amounts to Rs. 63,496.

FINANCE DEPARTMENT.

(a) *Stationery and Printing.*—For the printing at Gaya of the new Government's forms, Bihar will require a contribution of Rs. 55,000. This will reduce Bihar's cost under 'Sationery and Printing.'

The cost of the establishment at the Gulzarbagh Press can be reduced by Rs. 26,000 and the cost of contingencies, stores, etc., of the same Press by Rs. 50,000.

Total reduction in Bihar's expenditure under this head, therefore, is Rs. 1,31,000. —1,31,000

(b) *Local Audit Department.*—If a separate Accounts and Audit Office were established in Orissa, the present local audit department of Bihar could be reduced by one assistant and the staff of auditors by two auditors and one assistant. The reduction in cost would be about Rs. 5,500. If a separate audit office is not considered necessary, the saving to Bihar would be much larger, *viz.*, Rs. 20,000. We cannot, however, assume, on the information at present available, a larger saving than Rs. 5,500. —5,500

REVENUE-COMMERCE DEPARTMENT.

(a) *Secretariat Staff.*—One upper division assistant, one lower division assistant, one typist and one peon can be reduced. The saving will be Rs. 4,000. —4,000

(b) *Board of Revenue.*—The staff can be reduced by one assistant on Rs. 200, one on Rs. 100—5—150, one on Rs. 75, one on Rs. 60, a typist on Rs. 70—3—100 and two peons on Rs. 14 and 13 respectively.

Reduction Rs. 7,080. —7,080

(c) *Director of Land Records and Surveys.*—The staff in Bihar will be reduced by one assistant on Rs. 125—5—150, two assistants on Rs. 75—5—100, one assistant on Rs. 45—4—65 and one assistant on Rs. 40—3—70.

Reduction Rs. 5,172. —5,172

Orissa's contribution towards a joint Survey Office will be Rs. 14,000.

Reduction Rs. 14,000. —14,000

(*d*) *Forests.*—Considerable reductions can be made in the administrative staff, namely—

One extra Assistant Conservator on Rs. 350.

One Accountant on Rs. 200 in the grade of Rs. 150—10—200.

One Clerk on Rs. 100 in the grade of Rs. 75—5—100.

One clerk on Rs. 75 in the grade of Rs. 55—4—75.

One clerk on Rs. 43 in the grade of Rs. 40—3—55.

One Draftsman on Rs. 63 in the grade of Rs. 55—4—75.

One Deputy Conservator on Rs. 800, special pay Rs. 250.

One Extra Assistant Conservator on Rs. 300, special pay Rs. 50.

One Ranger on Rs. 125.

One Deputy Ranger on Rs. 55.

Two Clerks on Rs. 60 each.

One Range clerk on Rs. 32 in the grade of Rs. 30—2/2—40.

Three peons in the grade of Rs. 10—1/5—14 each.

One Forest Engineer, pay Rs. 1,000, Overseas, pay £30.

One Clerk on Rs. 40.

Two peons in the grade of Rs. 10—1/5—14 each.

—47,500 Total reduction under 'Forests' amounts to Rs. 47,500.

—4,000 Orissa will also contribute Rs. 4,000 on account of technical advice.

—3,000 (*e*) *Miscellaneous Departments.*—For inspection of Factories, Orissa will have to pay a contribution of Rs. 3,000 to Bihar.

LOCAL SELF-GOVERNMENT DEPARTMENT.

(*a*) *Medical.*—Under 'Grants for Medical purposes', Orissa will have to contribute to Bihar a sum of Rs. 3,000 for expenditure in connection with Medical Examination Board, Council of Medical Registration, etc., etc.

Orissa will also have to pay a contribution of about Rs. 45,000 for the use of the Medical College at Patna and a sum of about Rs. 26,000 as contribution to the Indian Mental Hospital. Her share of the present provincial contribution to the Board of Trustees of Ranchi Mental Hospital for Europeans will probably amount to Rs. 5,000.

—79,000 Net reduction Rs. 79,000.

(*b*) *Public Health.*—Orissa will have to pay a total contribution of Rs. 8,000 to Bihar for the following institutions :—

Sanitary Inspector's class.
Public Health Laboratory.
Bacteriological Laboratory.
Pasteur Institutes.

—8,000 Reduction Rs. 8,000.

(*c*) *Superintendence.*—A reduction of a clerk in the Excise Commissioner's Office will be possible ; and may be taken at Rs. 1,000. Further, for the training of Excise cadets in Bihar institutions, Orissa will have to
—5,000 pay a contribution of Rs. 4,000 annually.

EDUCATION AND DEVELOPMENT DEPARTMENT.

(*a*) *Secretariat.*—It will be possible to reduce the staff by two assistants, one on Rs. 150 and the other on Rs. 55 ; a typist on Rs. 40—3—70 and a peon or two.

—3,300 Reduction Rs. 3,300.

(*b*) *Department of Public Instruction.*—The clerical staff of the Director's office can be reduced by four posts and the menial staff by one post.

Reduction Rs. 3,950.

In addition, Orissa will have to pay a contribution of Rs. 4,000 as its share of the expenditure on the Reformatory School, Hazaribagh.

Orissa will also have to pay a contribution of about Rs. 1,000 to the Sanskrit Association ; also a contribution of about Rs. 2,000 to the Boy Scouts Association.

Total reduction in Bihar's expenditure under this
—10,950 head, therefore, is Rs. 10,950.

(*c*) *Co-operative Department.*—There will not only be no reduction in overhead charges of Bihar but there will actually be some increase as even after the separation of Orissa the post of Deputy Registrar (present head-

quarters at Cuttack) will have to be retained in Bihar along with his staff. This means an addition of a post on Rs. 1,000—40—1,200 and the following staff :—

1 Head Assistant on	Rs. 125—10—175
1 Assistant on	Rs. 100—5—125
2 Assistants on	Rs. 75—5—100 each.
2 Assistants on	Rs. 45—4—65 each.
1 Assistant on	Rs. 35—2—45

+21,348 Increase in expenditure Rs. 21,348.

(*d*) *Civil Veterinary Department.*—No reduction of establishment will be feasible in the headquarters office of the Director, Civil Veterinary Department. For seats reserved in the Bihar Veterinary College, however, Orissa will have to pay a contribution of
—1,500 Rs. 1,500 per annum to Bihar.

(*e*) *Registration Department.*—It will be possible to get rid of one assistant from the office of the Inspector-General of Registration on Rs. 45—4—65.

—660 Reduction about Rs. 660.

(*f*) *Industries Department.*—The clerical staff of the Director's office can be reduced by two assistants, one on Rs. 75—5—100 and the other on Rs. 60—3—75, and a typist on Rs. 40—3—70.

Orissa will also have to pay a contribution of about Rs. 11,000 per annum for reserving seats for Oriya students in the Bihar College of Engineering.

—13,520 Total reduction Rs. 13,520.

(*g*) *Agricultural Department.*—The clerical staff of the Director's office can be reduced by three posts of clerks, one on Rs. 150—10—200, another on Rs. 55—4—75 and another on Rs. 40—3—55. It will also be possible to get rid of a peon on Rs. 13.

—3,600 Reduction Rs. 3,600.

(*h*) *Scientific Departments.*—Reduction in head quarters expenditure is *nil.*

JUDICIAL DEPARTMENT.

Secretariat.—It will be possible to give up one Secretariat assistant on Rs. 90 from the Bihar and Orissa Judicial Department and an Upper Division Assistant from the Bihar and Orissa Legislative Department. No other reduction is possible.

—3,500 Net reduction, therefore, is Rs. 3,500.

PUBLIC WORKS DEPARTMENT.

There are independent proposals for combining the Irrigation and Roads and Buildings branches of the Department, but these are not consequential on the separation of Orissa. Orissa, however, will pay a contribution of Rs. 12,000 to Bihar for Electrical Engineering and Inspection work.

—12,000 Reduction Rs. 12,000.

LEGISLATIVE COUNCIL.

The present strength of the Legislative Council can be reduced by 10 seats which are allotted to the Orissa Division. There will be a consequential saving in travelling allowances and contingencies which may be taken at Rs. 6,000.

—6,000

Grand Total. —4,96,430 or 4·96

The sum total of (2) and (3) above amounts to 104·85. Bihar, therefore, stands to gain 104·85 — 101·69 or 3·16 by its separation from Orissa.

FINANCIAL.

APPENDIX IV.

(1) The basic revenue of the portions of the districts of Ganjam and Vizagapatam, which we have recommended, should be transferred to the new province of Orissa amounts to 34·89 (*vide* Appendix I).

(2) The basic expenditure of these parts amounts to 52·61 (*vide* Appendix II).

(3) As regards other changes in expenditure in the Madras Presidency consequential on the separation of parts of the two districts, we can only foresee that it should be possible to abolish one of the two posts of Deputy and Assistant Commissioners of Excise whose headquarters are at Vizagapatam but who superintend Excise operations throughout the districts of Ganjam as well as Vizagapatam. The resultant saving may be taken at 0·12. As far as we can see, it will not be possible to effect economies in any other direction nor, on the other hand, is it likely that there will be any actual addition to overhead charges as a result of the separation.

The sum total of (2) and (3) above comes to 52·73. Financially, therefore, Madras stands to gain 52·73 — 34·89 or 17·84 by the separation of parts of the districts of Ganjam and Vizagapatam.

FINANCIAL.

APPENDIX V.

Statements I to IV showing the growth of Revenue and Expenditure; the net result thereof; and the growth of deficit year by year.

STATEMENT I.

Statement showing the estimated growth of revenue.

Year.	Excise.	Stamps.	Forests.	Registration.	Industries.	Total.
1933-34	..	..	..	..	..	..
1934-35	..	..	..	0·02	0·01	0·03
1935-36	..	..	..	0·03	0·03	0·06
1936-37	..	..	..	0·05	0·10	0·15
1937-38	..	..	..	0·05	0·22	0·27
1938-39	0·34	0·13	0·12	0·13	0·34	1·06
1939-40	0·68	0·27	0·24	0·21	0·34	1·74
1940-41	1·02	0·40	0·36	0·29	0·34	2·41
1941-42	1·36	0·54	0·48	0·37	0·34	3·09
1942-43	1·70	0·67	0·60	0·44	0·34	3·75
1943-44	1·71	0·67	0·60	0·44	0·34	3·76
1944-45 and subsequent years.	1·71	0·67	0·60	0·44	0·34	3·76

STATEMENT II.

Statement of growth of expenditure.

Year.	Registration.	Education.	Industries.	Civil Works.	Pensions.	Interest and debt.	Total.
1933-34	..	0·16	0·20	0·70	..	..	1·06
1934-35	0·04	0·32	0·41	0·70	0·30	1·19	2·96
1935-36	0·04	0·48	0·62	0·70	0·61	1·94	4·39
1936-37	0·04	0·64	0·64	0·70	0·91	2·51	5·44
1937-38	0·04	0·80	0·64	0·70	1·22	3·17	6·57
1938-39	0·04	0·96	0·64	0·70	1·62	3·17	7·13
1939-40	0·04	1·12	0·64	0·70	1·93	3·17	7·60
1940-41	0·04	1·28	0·64	0·70	2·33	3·17	8·16
1941-42	0·04	1·44	0·64	0·70	2·54	3·17	8·53
1942-43	0·04	1·60	0·64	0·70	2·84	3·17	8·99
1943-44	0·04	1·76	0·64	1·00	3·15	2·74	9·33
1944-45	0·04	1·92	0·64	1·00	3·45	2·74	9·79
1945-46	0·04	2·08	0·64	1·00	3·76	2·74	10·26
1946-47	0·04	2·24	0·64	1·00	3·76	2·74	10·42
1947-48	0·04	2·36	0·64	1·00	3·76	2·74	10·54

STATEMENT III.

Statement showing the net result of additional growth of expenditure and revenue.

Year.	Additional expenditure.	Additional revenue.	Net deficit.
1933-34	1·06	..	1·06
1934-35	2·96	0·03	2·93
1935-36	4·39	0·06	4·33
1936-37	5·44	0·15	5·29
1937-38	6·57	0·27	6·30
1938-39	7·13	1·06	6·07
1939-40	7·60	1·74	5·86
1940-41	8·16	2·41	5·75
1941-42	8·53	3·09	5·44
1942-43	8·99	3·75	5·24
1943-44	9·33	3·76	5·57
1944-45	9·79	3·76	6·03
1945-46	10·26	3·76	6·50
1946-47	10·42	3·76	6·66
1947-48	10·54	3·76	6·78

STATEMENT IV.

Year.	Basic deficit.	Cost of separation.	Net cost of expansion.	Total deficit.
1933-34	15·92	18·23	1·06	35·21
1934-35	15·92	18·23	2·93	37·08
1935-36	15·92	18·23	4·33	38·48
1936-37	15·92	18·23	5·29	39·44
1937-38	15·92	18·23	6·30	40·45
1938-39	15·92	18·23	6·07	40·22
1939-40	15·92	18·23	5·86	40·01
1940-41	15·92	18·23	5·75	39·90
1941-42	15·92	18·23	5·44	39·59
1942-43	15·92	18·23	5·24	39·39
1943-44	15·92	18·23	5·57	39·72
1944-45	15·92	18·23	6·03	40·18
1945-46	15·92	18·23	6·50	40·65
1946-47	15·92	18·23	6·66	40·81
1947-48 and subsequent years.	15·92	18·23	6·78	40·93

MC8RO—2,500—19-5-32—GIPS

23-1/1934

PROCEEDINGS

OF THE

MEETINGS OF THE CHAMBER OF PRINCES (NARENDRA MANDAL)

Held at New Delhi on the 16th March 1931 and following days.

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The North India Christian Tract and Book Society, 18, Clive Road, Allahabad.
Ram Narain Lal, Katra, Allahabad.
"The Leader," Allahabad.
The Indian Army Book Depôt, Dayalbagh, Agra.
The English Book Depot, Taj Road, Agra, Gaya Prasad & Sons, Agra.
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The Indian Army Book Depôt, Jullundur City, Daryaganj, Delhi.
Manager, Newal Kishore Press, Lucknow.
The Upper India Publishing House, Ltd., Literature Palace, Ammuddaula Park, Lucknow.
Rai Sahib M. Gulab Singh & Sons, Mufid-i-Am Press, Lahore and Allahabad.
Rama Krishna & Sons, Booksellers, Anarkali, Lahore.
Students' Popular Depôt, Anarkali, Lahore.
The Standard Bookstall, Lahore.
The Proprietor, Punjab Sanskrit Book Depôt, Saidmitha Street, Lahore.
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Burma Book Club, Ltd., Rangoon.
S. C. Talukdar, Proprietor, Students & Co., Cooch Behar.
The Manager, The Indian Book Shop, Benares City.
Nandkishore & Bros., Chowk, Benares City.
The Srivilliputtur Co-operative Trading Union, Ltd., Srivilliputtur (S. I. R.).
Raghunath Prasad & Sons, Patna City.
The Students' Emporium, Patna.
K. L. Mathur & Bros., Guzri, Patna City.
Kamala Book Stores, Bankipore, Patna.
G. Banerjea & Bros., Ranchi.
M. C. Kothari, Raipura Road, Baroda.
B. Parikh & Co., Baroda.
The Hyderabad Book Depôt, Chaderghat, Hyderabad (Deccan).
S. Krishnaswamy & Co., Teppakulam P. O., Trichinopoly Fort.
Karnataka Publishing House, Bangalore City.
Bheema Sons, Fort, Bangalore City.
Superintendent, Bangalore Press, Lake View, Mysore Road, Bangalore City.

AGENT IN PALESTINE :—Steimatzky, Jerusalem.

* Agent for publications on Aviation only.

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AGENDA.

CHAMBER OF PRINCES.

March 1931.

1. Resolution of condolence by His Highness the Maharaja of Patiala in connection with the death of Their Highnesses of Barwani, Begum Mother of Bhopal, Udaipur, Rampur, Orchha, Sachin and Tonk.

2. Resolution of welcome by His Highness the Maharaja of Patiala to Their Highnesses of Udaipur, Rampur, Orcha, Sachin, Tonk, Indore, Jaipur, Cambay and the Raja of Lunawada and the Maharaja of Mayurbhanj.

3. To receive a statement from His Highness the Maharaja of Bikaner regarding his work at the Imperial Conference, and as a representative of India at the last meeting of the League of Nations.

4. To receive a statement from His Highness the Chancellor regarding the work of the Indian States' Delegation at the Round Table Conference.

5. Election of

(i) the Chancellor

(ii) the Pro-Chancellor.

6. Election of

(i) the Standing Committee.

(ii) Substitute members of the Standing Committee.

7. Question of the linking of inter-statal telephone lines.

8. Resolutions to be moved in connection with the work accomplished at the Round Table Conference.

9. Air Navigation in Indian States.

WORK-CARD.

Chamber of Princes (Narendra Mandal).

(To be held in the Princes' Chamber, Council House, New Delhi, at 11 a.m. daily.)

March 1931.

Monday, the 16th March 1931.

1. His Excellency the Viceroy will on arrival greet the Members and Representative Members who will be presented individually by the Chancellor.

2. His Excellency the Viceroy will deliver an address.

3. Resolution of condolence by His Highness the Maharaja of Patiala in connection with the death of Their Highnesses of Barwani, Begum Mother of Bhopal, Udaipur, Rampur, Orchha, Sachin and Tonk. (Agendum No. 1).

4. Resolution of welcome by His Highness the Maharaja of Patiala to Their Highnesses of Udaipur, Rampur, Orchha, Sachin, Tonk, Indore, Jaipur, Cambay, and the Raja of Lunawada and the Maharaja of Mayurbhanj. (Agendum No. 2).

5. To receive a statement from His Highness the Maharaja of Patiala regarding the work of the Indian States' Delegation at the Round Table Conference. (Agendum No. 4).

Tuesday, the 17th March 1931.

1. To consider the recommendation of the Standing Committee in regard to the question of Air Navigation in Indian States. (Agendum No. 9).

2. Resolution of His Highness the Nawab of Maler Kotla regarding the linking of interstatal telephone lines. (Agendum No. 7).

Wednesday, the 18th March 1931.

1. To receive a statement from His Highness the Maharaja of Bikaner regarding his work at the Imperial Conference and as a representative of India at the last meeting of the League of Nations. (Agendum No. 3).

Thursday, the 19th March 1931.

1. Resolutions to be moved in connection with the work accomplished at the Round Table Conference. (Agendum No. 8).

Friday, the 20th March 1931.

1. Elections of

(i) the Chancellor,

(ii) the Pro-Chancellor,

(iii) the Standing Committee, and

(iv) Substitute members of the Standing Committee.

(Agenda Nos. 5 and 6).

2. Reply of the Members and Representative Members to His Excellency the Viceroy's opening Address.

3. His Excellency the Viceroy will conclude the proceedings.

Memorandum Explanatory of Agendum No. 1.

The following resolution will be moved by His Highness the Maharaja of Patiala:—

That the Chamber of Princes records its heart-felt sorrow at the lamentable demise of Their Highnesses the Rana Sahib of Barwani, Begum Mother of Bhopal, the Maharana Sahib of Udaipur, the Nawab Sahib of Rampur, the Maharaja Sahib of Orchha, the Nawab Sahib of Sachin and the Nawab Sahib of Tonk, together with the sense of the loss thereby sustained by the entire Order of Princes; and offers its sincerest sympathies and condolences to the bereaved families.

Memorandum Explanatory of Agendum No. 2.

The following resolution will be moved by His Highness the Maharaja of Patiala:—

That the Chamber of Princes offers its heartiest congratulations to Their Highnesses of Cambay, Indore, Jaipur, Lunawada, Orchha, Rampur, Sachin, Tonk and Udaipur on their assumption of power and to the Maharaja of Mayurbhanj on his entry into the Chamber and welcomes them within its midst, wishing them a long and prosperous rule.

Memorandum Explanatory of Agendum No. 7.

His Highness the Nawab of Maler Kotla will move the following Resolution:—

"That the interlinking of Telephones of one State to another State, where no other territory intervenes, should be permitted subject to information of the intention being sent to the Government of India."

Memorandum Explanatory of Agendum No. 8.

Air Navigation in Indian States.

The Summary on the above subject as prepared by the Government of India (Column I of the Enclosure to this Memorandum) was placed before the Standing Committee of the Chamber of Princes at their meeting on the 12th January 1929. The Standing Committee decided to refer it to a Special Committee consisting of His Highness the Maharaja of Bikaner, Sir Manubhai Mehta, the Political Secretary and the Director of Civil Aviation. The Special Committee met on the 14th January 1929 and revised the Summary as shown in Column II of the Enclosure to this Memorandum.

As a result of the examination of the Summary as revised by the Special Committee (Column II) the Government of India made certain further modification in it (*vide* Column III of the Enclosure to this Memorandum). The Summary thus modified was considered by the Standing Committee at their meetings held on the 25th March and the 25th October 1929, and was further amended by them (*vide* Column IV of the Enclosure to this Memorandum). The amended Summary was examined by the Government of India who made certain alterations to it. The Summary as thus further revised (Column V of the Enclosure to this Memorandum) was agreed to by the Standing Committee at their meeting held on the 27th March 1930, and is now presented for consideration by the Chamber of Princes.

Enclosure.

Summary as prepared by the Government of India.

I.

So far as the Indian States are concerned, it is pointed out clearly that it is the fraudient duty of the Paramount Power, in order to fulfil its international obligations, to accept responsibility for the control of the use over the Indian States and it is further the manifest right of the Paramount Power being charged with that responsibility and with the further responsibility for the external and internal security of the whole of India that the State aircraft of the Paramount Power should at all times and subject to no prohibition as to areas enjoy unrestricted rights of passage over and landing in the territory of the Indian States. Subject to the aforementioned exception in respect of its State aircraft the Paramount Power is prepared to leave with the States the actual exercise of control within their territories on receiving an assurance that they would agree to the following arrangement:—

(a) They would, when called upon to do so, arrest without delay and continue actively to enforce such regulations, on the lines of British Indian Legislation, as the Government of India may require. Government should be duly informed of all action taken by Darbars in this behalf, and no other regulations or orders relating to the control of air-navigation should be passed without the previous approval of Government.

(b) They would cede to the Government of India on payment of due consideration, when required to do so, full jurisdiction over any sites for the establishment of aerodromes or emergency landing grounds that the Government of India might think it necessary to provide in order to promote the development of air-navigation in the interest of India in general.

(c) They would refrain from prohibiting any area without the previous approval of the Government of India. Over all parts of their territory other than prohibited areas all aircraft would be free to fly without obstruction and without previous intimation.

(d) They would issue effective orders providing that:

(i) States' aircraft must be registered, certified and provided with log books by the British India authorities,

(ii) States' aircraft personnel must be licensed by the British India authorities,

(iii) all such certificates and licenses should be liable to cancellation, etc., by the same authorities.

(e) They would issue effective orders providing that, in the case of accidents occurring in State territory which, if they had occurred in British India, would have been notifiable under British India legislation—

(i) the pilot, or if the pilot were incapacitated, the owner or hirer of the aircraft concerned, should notify the accident to the British India authorities.

Summary as revised by the Special Committee.

II.

As regards the Indian States it is recognised that the sovereignty of the Rulers over their territories—in whatever measure they severally possess it—extends also to the air space above those territories. It is the view however of the fact that the control over the foreign relations of the States is exercised by the British Government, it is the duty of that Government, in order to fulfil its international obligations, to accept responsibility for the regulation of Air Navigation over the Indian States. Further in exercise of the responsibility of the Paramount Power for the external and internal security of India it is admitted that its Royal Air Force Aircraft are free to fly over and land in the territories of the States without prohibition as regards areas. Their aircraft will, however, except in times of emergency respect prohibited areas. The Standing Committee agrees and makes a strong recommendation to the Chamber to accept that the following provisions are essential for Air Navigation in Indian States:—

(a) The States should urgently enact and enforce legislation on the lines of British Indian legislation with regard to navigation of the air and the rules and regulations thereunder for the time being in force. Any changes or variations required by local conditions should be made in agreement with the Paramount Power.

(b) The States should provide sites for the establishment of aerodromes or emergency landing grounds necessary for the development of Air Navigation in India. The technical management required for the efficient functioning of the aerodromes or emergency grounds should be entrusted to the Civil Aviation Authorities of the Paramount Power, who would be prepared to defray all necessary expenditure in connection therewith.

(c) Prohibited areas would be notified in agreement with the Paramount Power. Over all parts of the State territory other than prohibited areas all aircraft would be free to fly without previous intimation.

(d) In order to safeguard their fiscal rights, the States should designate one or more aerodromes or landing grounds at or from which all aircraft wishing to land in or depart from the State should so land or depart.

(e) Since under the Air Navigation Convention there is only one nationality mark for India as a whole:

(i) Indian States aircraft should be registered, certified and provided with log books by arrangement with the Civil Aviation Authorities of the Paramount Power.

(ii) Indian States aircraft personnel should similarly be licensed by arrangement with the Civil Aviation Authorities of the Paramount Power.

(iii) All such certificates and licenses should be liable to cancellation, etc., by arrangement with the same authorities.

Summary as further revised by the Government of India.

III.

As regards the Indian States it is recognised that the sovereignty of the Rulers over their territories—in whatever measure they severally possess it—extends also to the air space above those territories. In view however of the fact that the control over the foreign relations of the States is exercised by the British Government, it is the duty of that Government, in order to fulfil its international and strategic obligations, to accept responsibility for the regulation of Air Navigation over the Indian States. Further in exercise of the responsibility of the Paramount Power for the external and internal security of India it is admitted that its Service Aircraft are free to fly over and land in the territories of the States without prohibition as regards areas. Their aircraft will, however, except in times of emergency respect prohibited areas.

The following provisions are regarded as essential for Air Navigation in the Indian States:—

(a) The States should urgently enact and enforce legislation on the lines of British Indian legislation with regard to navigation of the air and the rules and regulations thereunder for the time being in force. Any changes or variations required by local conditions should be made in agreement with the Paramount Power.

(b) The States should provide sites for the establishment of aerodromes or emergency landing grounds necessary for the development of Air Navigation in India. The technical management required for the efficient functioning of the aerodromes or emergency grounds should be entrusted to the Civil Aviation Authorities of the Paramount Power, who would be prepared to defray all necessary expenditure in connection therewith.

(c) Prohibited areas would be notified in agreement with the Paramount Power. Over all parts of the State territory other than prohibited areas all aircraft would be free to fly without previous intimation.

(d) In order to safeguard their fiscal rights, the States should designate one or more aerodromes or landing grounds at or from which all aircraft, except service aircraft of the Paramount Power, wishing to land in or depart from the State should so land or depart.

(e) Since it is India as a whole that is a separate contracting party to International Air Convention:

(i) Indian States aircraft should be registered, certified and provided with log books by arrangement with the Civil Aviation Authorities of the Paramount Power.

(ii) Indian States aircraft personnel should similarly be licensed by arrangement with the Civil Aviation Authorities of the Paramount Power.

(iii) All such certificates and licenses should be liable to cancellation, etc., by arrangement with the same authorities.

Summary as revised by the Standing Committee of the Chamber of Princes at their meeting held on the 25th October 1926.

IV.

It is admitted that the sovereignty of the Rulers of States—in whatever measure they severally possess it—over their territories, embraces the Air space above those territories.

As however, the British Government is responsible for the defence and security of India, as a whole, its service aircraft, Naval and Military, would be, *in times of emergency*, free to fly over and land in the territories of the States without restriction as regards areas, provided that in peace time, except in areas where they would—

(a) not fly over prohibited areas,
nor
(b) land anywhere else but at places fixed by agreement with each State.

Also, as the foreign relations of the States are conducted by the British Government, that Government would regulate Air Navigation over the States in fulfilment of international obligations arising out of the Air Convention, or otherwise in respect of which the States have been previously consulted. Such previous consultation may be dispensed with in circumstances of emergency.

The following provisions are regarded as essential for Air Navigation in the Indian States:—

(a) The States should urgently enact and enforce legislation on the lines of British Indian legislation with regard to navigation of the air and the rules and regulations thereunder for the time being in force. Any changes or variations required by local conditions should be made after consultation with the British Government.

(b) The States should provide suitable sites for the establishment of landing grounds necessary for the development of Air Navigation in India. *subject to the condition that the States will have a final voice in the allotment and selection of sites.* As regards landing grounds and aerodromes, the States shall be free to construct and establish them within their own territories or invite the British Government to do so. In the former case, the technical staff employed by the States shall be fully qualified according to the standard set up by the Civil Aviation authorities of the British Government. In the latter case, the technical management required for the efficient functioning of the aerodromes or emergency ground should be entrusted to the Civil Aviation Authorities of the British Government, provided they are prepared to defray all necessary expenditure in connection therewith.

(c) Prohibited areas would be notified after consultation with the British Government. Over all parts of the State territory other than prohibited areas, all aircraft (other than foreign aircraft not entitled to admission under International Agreement) should be free to fly without previous intimation, subject to the same conditions as are prescribed for the flight of such aircraft under the International Convention.

(d) In order to safeguard their fiscal rights, the States should designate one or more landing grounds at or from which all aircraft, except Service aircraft of the British Government wishing to land in or depart from the State, should so land or depart.

(e) **Every State shall have the right to reserve to its national aircraft the carriage of persons and goods for hire between any points in its territory except aircraft exempted by the State in this behalf. National aircraft in this clause means aircraft owned, or specially licensed in this behalf by the State concerned.**

Summary as further revised by the Government of India.

It is admitted that the sovereignty of the Rulers of States—in whatever measure they severally possess it—over their territories, embraces the Air space above those territories.

As however, the British Government is responsible for the defence and security of India as a whole, its Service aircraft, Naval and Military, would be, *in times of emergency*, free to fly over and land in the territories of the States without restriction as regards areas, provided that in peace time, except in areas where they would—

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Summary as prepared by the Government of India.

I.

(ii) an enquiry should be instituted by the State authorities, and an officer deputed by the Government of India should be invited to attend such enquiry and should be afforded all facilities for personal investigation and for expressing his views at the enquiry;

(iii) the Darbar should to the best of their ability carry into effect any recommendations which such officer might find it necessary to put forward.

(f) They would inform the Governments of India of any aerodromes or aircraft factories which they propose to establish within their territories; they would grant such facilities as might be required by the Government of India for the inspection of such aerodromes or aircraft factories, and they would to the best of their ability carry into effect any recommendations made by the officer deputed by Government to conduct such inspection.

(g) They would take such other action in this behalf as the Government of India, in the interest of air-navigation in India, might from time to time require.

Summary as revised by the Special Committee.

II.

[*Explanatory Note.*

Under the Convention relating to the Regulation of Aerial Navigation, India was, for the purposes of the Convention, of necessity considered to be a single State. Among other items for which provision is made in this Convention are the following:—

(1) The registration of aircraft and their certification as airworthy, and the types and models of log books, which must be kept.

(2) The licensing of aircraft personnel, *e.g.*, pilots, engineers and navigators.

In the case of India one nationality mark together with the registration mark of each particular aircraft has to be displayed on the aircraft in the manner provided for in the Convention, and has at all times to be kept clean and visible. A complete record of all registered aircraft is maintained by the International Commission for Air Navigation. It is, therefore, essential that there should be in India one central register. Indian States aircraft, if registered only under some special method of registration peculiar to their respective States, would not be entitled to the privileges and facilities which are provided for by the Convention.

The main object of the detailed provisions, which are made in the Convention for the licensing of personnel, is to secure the safety of the general public travelling by air, and of persons on the ground. These provisions include medical examination, technical examination, and flying tests, for all of which a uniform system has been laid down. It is considered that a central controlling and co-ordinating authority for the whole of India will best be able to achieve the main object in view, *i.e.*, safety.]

(*f*) Provision should be made in the States' enactment for notification to the above Authorities of accidents occurring in State territories, which would be notifiable under British Indian Legislation:

(*i*) the pilot, or if the pilot were incapacitated, the owner or hirer of the aircraft concerned should notify the accident;

(*ii*) an enquiry should be instituted by the State authorities, and an officer deputed by the Government of India should be invited to attend such enquiry and should be afforded all facilities for helping the investigation and for expressing his views at the enquiry;

(iii) the Darbar should as far as possible carry into effect any recommendations which such officer might find it necessary to put forward in the interests of the safety of air-navigation.

(*g*) The States should inform the above-mentioned authorities of any aerodromes or aircraft factories which they propose to establish within their territories, and they would agree to the inspection by such authorities of such aerodromes or factories, and they would so far as possible carry into effect any recommendations made by the officer deputed, in the interests of the safety of air-navigation.

Summary as further revised by the Government of India.

III.

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(*g*) The States should inform the above-mentioned authorities of any aerodromes or aircraft factories which they propose to establish within their territories, and they would agree to the inspection by such authorities of such aerodromes or factories, and they would so far as possible carry into effect any recommendations made by the officer deputed, in the interests of the safety of air-navigation.

Summary as revised by the standing Committee of the Chamber of Princes at its meeting held on the 25th October, 1929.

IV.

(*f*) Since it is India as a whole that is a separate contracting party to International Air Convention:

(i) Indian States aircraft should be registered, certified and provided with log books by arrangement with the Civil Aviation Authorities of the British Government.

(ii) Indian States aircraft personnel should similarly be licensed by arrangement with the Civil Aviation Authorities of the British Government.

(iii) All such certificates and licenses should be liable to cancellation, etc., by arrangement with the same authorities.

[*Explanatory Note.*

Under the Convention relating to the Regulation of Aerial Navigation, India was, for the purposes of the Convention, of necessity considered to be a single State. Among other items for which provision is made in this Convention are the following:—

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(ii) an enquiry should be instituted by the State authorities, and an officer deputed by the Government of India should be invited to attend such enquiry and should be afforded all facilities for helping the investigation and for expressing his views at the enquiry;

(iii) the States should as far as possible carry into effect any recommendations which such officer might find it necessary to put forward in the interests of the safety of air-navigation.

(*h*) The States should inform the above-mentioned authorities of any aerodromes or aircraft factories which they propose to establish within their territories, and they would agree to the inspection by such authorities of such aerodromes or factories, and they would so far as possible carry into effect any recommendations made by the officer deputed, in the interests of the safety of air-navigation.

Summary as further revised by the Government of India.

V.

aircraft owned or specially licensed in this behalf by the State concerned subject to any reservations and restrictions established and published under Article 16 of the Convention relating to the regulation of aerial navigation.

(*f*) Since it is India as a whole that is a separate contracting party to International Air Convention:

(i) Indian States aircraft should be registered, certified and provided with log books by arrangement with the Civil Aviation Authorities of the British Government.

(ii) Indian States aircraft personnel should similarly be licensed by arrangement with the Civil Aviation Authorities of the British Government.

(iii) All such certificates and licenses should be liable to cancellation, etc., by arrangement with the same authorities.

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(2) The licensing of aircraft personnel, *e.g.*, pilots, engineers and navigators.

A complete record of all registered aircraft is maintained by the International Commission for Air Navigation. It is, therefore, essential that there should be in India one central register.

The main object of the detailed provisions, which are made in the Convention for the licensing of personnel, is to secure the safety of the general public travelling by air, and of persons on the ground. These provisions include medical examination, technical examination, and flying tests, for all of which a uniform system has been laid down. It is considered that a central controlling and co-ordinating authority for the whole of India will best be able to achieve the main object in view, *i.e.*, safety.]

(*g*) Provision should be made in the States' enactment for notification to the above Authorities of accidents occurring in State territories, which would be notifiable under British Indian Legislation:

(i) the pilot, or if the pilot were incapacitated, the owner or hirer of the aircraft concerned should notify the accident;

(ii) an enquiry should be instituted by the State authorities, and an officer deputed by the Government of India should be invited to attend such enquiry and should be afforded all facilities for helping the investigation and for expressing his views at the enquiry;

(iii) the States should as far as possible carry into effect any recommendations which such officer might find it necessary to put forward in the interests of the safety of air-navigation.

(*h*) The States should inform the above-mentioned authorities of any aerodromes or aircraft factories which they propose to establish within their territories, and they would agree to the inspection by such authorities of such aerodromes or factories, and they would so far as possible carry into effect any recommendations made by the officer deputed, in the interests of the safety of air-navigation.

PROCEEDINGS OF THE FIRST DAY.

The 16th March, 1931.

The Chamber assembled at the Princes' Chamber, Council House, at 11 A.M. on Monday, the 16th March, 1931. His Excellency the Viceroy presided.

The following Ruling Princes and Chiefs were present:—

Baroda.

His Highness the Maharaja of Baroda.

Central India.

His Highness the Nawab of Bhopal.
His Highness the Maharaja of Bijawar.
His Highness the Maharaja of Datia.
His Highness the Raja of Jhabua.
The Raja of Khilchipur.
His Highness the Raja of Narsingarh.
His Highness the Maharaja of Orchha.
His Highness the Maharaja of Panna.
His Highness the Raja of Rajgarh.
His Highness the Maharaja of Rewa.
The Raja of Sarila.
His Highness the Raja of Sitamau.

Rajputana.

His Highness the Maharaja of Bikaner.
His Highness the Maharaj-Rana of Dholpur.
His Highness the Maharawal of Dungarpur.
His Highness the Maharawal of Jaisalmer.
His Highness the Maharaj Rana of Jhalawar.
His Highness the Maharaja of Jodhpur.
His Highness the Maharao of Kotah.
His Highness the Nawab of Tonk.

Punjab States.

His Highness the Nawab of Bahawalpur.
His Highness the Maharaja of Kapurthala.
His Highness the Nawab of Maler Kotla.
His Highness the Raja of Mandi.
His Highness the Maharaja of Patiala.
His Highness the Maharaja of Sirmur.
His Highness the Raja of Suket.

Western India States.

His Highness the Maharao of Cutch.
His Highness the Nawab of Palanpur.
The Thakore Saheb of Palitana.
His Highness the Maharaja of Porbandar.
His Highness the Raj Saheb of Wankaner.

Bombay.

The Nawab of Balasinor.
His Highness the Raja of Baria.
His Highness the Nawab of Cambay.
The Raja of Chhota Udepur.
The Maharana of Danta.
The Chief of Jamkhandi.
His Highness the Mir of Khairpur.
The Chief of Phaltan.
His Highness the Maharaja of Rajpipla.
The Nawab of Sachin.
His Highness the Chief of Sangli.

Bihar and Orissa.

The Maharaja of Mayurbhanj.
The Raja of Talcher.

Central Provinces.

The Raja of Korea.

Punjab.

The Raja of Baghat.
The Raja of Kalsia.

United Provinces.

His Highness the Maharaja of Benares.
His Highness the Nawab of Rampur.
His Highness the Raja of Tehri (Garhwal).

On arrival, and after greeting the Ruling Princes and Chiefs present, His Excellency the Viceroy delivered the following speech:—

Before we start I ask Your Highnesses' leave to address you on one matter of business which I would like to mention. Your Highnesses will remember that on the last occasion when we met here last year His Highness of Alwar very kindly intimated that it was his desire to present the Chamber with a clock and that that generous desire on his part was gratefully received by the Chamber. Your Highnesses will observe that the clock has been installed in the gallery opposite this seat, and I am told that with this electric button I have the power of illuminating it. I am sure Your Highnesses would wish me as your President to convey the thanks of the Chamber to His Highness of Alwar.

His Excellency the Viceroy: Your Highnesses,

Today, for the fifth time, I have the pleasure and privilege of welcoming Your Highnesses to this Chamber, which now enters upon its tenth session. The completion of a decade in the history of an institution such as this is an occasion which naturally tempts us to look back along the road we have travelled, to count up the achievements that mark the miles behind us, and to take new thought and new hope for the journey that is still to come. For myself it means, I grieve to say, the end of what I shall always look back upon as a very happy partnership, a five years' partnership which I believe—as I think Your Highnesses believe—has been a period as critical and important as five years well could be. When the history of our time comes to be written, the last few years may indeed seem pregnant with great issues to the States, and the Round Table Conference, in which members of this Chamber played so notable a part, may prove to have been as vital to your interests as even the conclusion of your Treaties or the Proclamation of Queen Victoria. In addressing you therefore this morning, I am deeply conscious of the momentous issues which at present occupy our minds.

Before, however, I pass to other matters, it is my melancholy duty to recall that death has been busy since our last meeting, and has taken heavy toll among the Members of your Order. In two brief months last summer five great Princes passed to their rest, and since then two more have been added to that number. His Highness the Maharana of Udaipur, the senior Rajput Prince, had for many years been a famous and historic figure. Revered for his blameless life and high conception of his duty, a model of Rajput chivalry and a great and courteous gentleman, he stood upon ancient ways and cared not greatly for the modern world around him. Age and infirmity prevented his joining the Chamber; it was the poorer by his absence. In him the British Government has lost a faithful ally whose loyalty and friendship never wavered.

His Highness the Nawab of Tonk was another Prince who did not attend the sessions of this Chamber. When he died he had ruled for over 60 years, thus linking us with the time, that now seems so remote, when John Lawrence was still Viceroy of India. It was perhaps not to be expected that he would move rapidly on the lines of modern progress, but his keenness of mind, sense of humour and vitality of body at a great age will long be remembered by those who knew him. The Maharaja of

Orchha too was of a generation that has now almost passed. The *doyen* of the Bundelkhand Princes, he had been prevented latterly by weight of years from regularly attending the Chamber, but those who knew him will not forget the stately figure, the keen intelligence and the dominating will. His Highness the Nawab of Rampur was the personal friend and valued adviser of many of Your Highnesses. He was a Nestor among your Order, the sage of ripe experience and the most friendly of peace-makers, and, though he never disguised his hesitancy in attending this Chamber, there were few who at the Council table were wiser or more shrewd. Her Highness the Begum of Bhopal is another whose loss will be widely felt. She had for many years been in the forefront not only of the Princes of India but of its great women, and Indian womanhood, by her death, is bereft of one of its most devoted champions. She took a prominent part in the earlier sessions of this Chamber, and after she retired in favour of her son her interest in its deliberations continued unabated. We have also to mourn the deaths of Their late Highnesses the Rana of Barwani and the Nawab of Sachin. Your Highnesses will, I know, wish to express your sorrow at these great and grievous losses and to convey your sympathy to the bereaved families. You will also wish to join with me in welcoming cordially to your deliberations those on whose shoulders have fallen their duties and responsibilities. In that welcome I would desire to include those other young Princes who are now joining this Chamber for the first time.

Let me now briefly claim Your Highnesses' attention to certain items of business which have recently come within the purview of Members of this Chamber. Your Highnesses will remember that last year you passed a Resolution recommending that an Indian Ruling Prince should lead the Indian Delegation to the Assembly of the League of Nations at least once in a cycle of three years. It fell to His Highness the Maharaja of Bikaner to be the leader of the Delegation at the meeting of the League Assembly last September, and I am sure that the statement which he will present to the Chamber will be as instructive as any of those made by his distinguished predecessors. His Highness will also give you an account of his work as the Representative of India at the Imperial Conference. We need no assurance that His Highness discharged these high responsibilities with dignity and judgment, and he deserves the deep gratitude of this Chamber for undertaking this onerous duty at a time when so many other pressing matters demanded his attention.

There are also certain questions which have recently been under examination by the Standing Committee, and to which I would wish to make reference. For, though changing conditions may involve a fresh examination of some of these problems, the valuable work which the Committee has done stands as a foundation for further constructive effort which has yet to be undertaken.

The important subject of Air Navigation in Indian States has now reached a compromise, thanks to friendly concessions by all the parties concerned, and I understand that His Highness the Chancellor will lay a summary of this case before you.

The question of the future of the Chiefs' Colleges has also been decided, and the scheme which has recently received the approval of the Secretary of State will be brought into effect as early as possible. I trust that it

will help to infuse fresh life into these institutions, and in increasing measure to enlist, among Your Highnesses and your nobles, the sympathy upon which their future well-being must largely depend.

Another matter of no small concern to the States is the step which my Government have recently taken, following the recommendation of the Road Development Committee, in imposing an additional duty on motor spirit, and allotting the proceeds for expenditure on roads. A share of the income will be devoted to the Indian States, and to assure co-ordination of policy periodic "Road Conferences" will be held, at which the States will be represented. The amounts available for distribution may be limited for some years to come, but they are likely to grow with the gradual improvement of communications, and I feel sure that Your Highnesses will co-operate with my Government in this highly important work, which means so much to the development of India's agriculture, industry and commerce, and to the general prosperity of the people.

The brunt of the work which it is the duty of this Chamber to perform naturally falls upon the Members of the Standing Committee. Your Highnesses would no doubt wish me to offer our sincere thanks to His Highness the Chancellor and the Members of the Standing Committee for the devoted labours undertaken by them on behalf of the Chamber during the past year. For reasons, of which you are well aware, the year has been a peculiarly exacting one, but Their Highnesses have given freely and ungrudgingly of their time and effort in the interests of your Order. His Highness the Maharaja of Patiala has held the post of Chancellor throughout the five years of my Viceroyalty, and during this critical and important period—a period in which he has personally had to meet, and has successfully exposed, much undeserved calumny—he has spared neither time nor money in performing the duties and upholding the dignity of his high office. Your Highnesses are, I know, deeply conscious of the services he has rendered on your behalf, and for my own part I would wish to acknowledge personally and warmly the whole-hearted assistance he has given to me in all matters affecting the affairs of Your Highnesses and Government. I desire also to pay tribute, as I feel certain will Your Highnesses, to the work done by His Highness the Maharao of Cutch during the time he carried on the duties of the Chancellor while His Highness of Patiala was absent in Europe. His Highness at no small inconvenience to himself remained for a considerable time in Delhi in order to maintain touch with myself and the States representation in London.

If time and Your Highnesses' patience permitted, I might have been tempted to survey in more complete manner the achievements of the Chamber since its birth ten years ago. But I may perhaps sum up briefly some of the useful purposes it has served. It has given us, for one thing, an arena for mutual and friendly discussions, which have clarified our ideas on either side and assisted towards the settlement of many questions at issue between you and the Government of India, and of many points of political practice and procedure. It has had valuable reactions moreover in ways more personal to Your Highnesses yourselves. Apart from training the younger Members of your Order in public speaking and debate, it has brought about a unity and solidarity of feeling on matters of common interest, that are of importance not only to yourselves but to all India. Even those who have taken no part in the debates of the Chamber must recognise the advantages it has obtained for their Order as a whole. Without trespassing

on the individuality of States, the Chamber has shown, and Your Highnesses have been quick to seize, the value of common discussion. The examination of your position and problems by the Butler Committee gave an impulse to this spirit of unity, and no one will ignore the strength it has attained under the stimulus of the recent deliberations in London. Whatever be the result of these, I have no doubt that the spirit which enabled the States' Delegation to speak with so much authority on behalf of the Order was born and nurtured in this Chamber. What part the Chamber is to play in the India of the future we can scarcely now foretell. It may be that it has already served its early purpose and that it must now yield place to the new Chambers of a federated India. But, whatever be in store, we can say with confidence that in its ten years' history it has played no inconsiderable part, and that it has given those who brought it into being good cause to reflect with pride upon their handiwork.

I now come to the topic of greatest importance to our session which is, I know, engaging your anxious consideration. When your delegates sailed from India last autumn to attend the Round Table Conference, few of us, I imagine, had anticipated or foreseen the dramatic announcement made after their arrival in London. I had of course from time to time, and even as late as last July, when I conferred with certain of Your Highnesses in Simla, had the opportunity of discussing with some of you the advantages which a federal system in this country would clearly offer, and the mutual benefits likely to accrue from some form of financial and economic union between the States and British India. But I had no certain indication that the States would as yet be willing, by surrender of the necessary powers, to make a system of federation a reality, and it is therefore with all the greater cordiality that I welcome the statesmanlike decision which your representatives took to join with British India in the constructive task of fashioning a constitution for the complete entity of this great country. I have followed with the keenest interest the record of your discussions in the various committees, and I am glad to see that, while the most difficult problems still await solution, you are resolved to face them frankly in a genuine spirit of compromise and concession. Both these qualities will be much needed in the negotiations that still lie before you and the representatives of British India, but if they are freely given I am confident that your labours will be crowned by the achievement of a united, stable, and prosperous India within the British Empire. I wish the Delegation all success in commending the results of their work to their brother Princes and in enlisting their support in the further discussions that await them. For, if counsels are divided, the task of fashioning a cohesive scheme of federation must be seriously handicapped, and it is therefore to be hoped that the co-operation of at least a great majority of the States may be assured without delay.

It is a matter for personal regret to me that I shall not be with you to aid in the continuance and applaud the completion of your task. For before many days are past the time will have come for me to bid farewell to Your Highnesses and this Chamber. When that time comes, and when I look back on the years I have spent in India, among my most pleasant recollections will be my associations with Your Highnesses and your States. They have ranked high among my most important duties, but their performance has been greatly lightened by the warm and universal

friendship extended to me by Your Highnesses. The events of these years and the subjects we have discussed have been so many and diverse, that agreement has, in the nature of things, not always been possible. But I think that you have believed that I have ever been actuated by what I considered best in the common interests of the Rulers and peoples of the States, and on this last formal occasion of addressing you I would wish to acknowledge and thank you for that confidence. I must thank you also for many happy memories of days spent as a guest in your States and for much generous hospitality. I am well aware that there are carping critics who are ready to accuse the Princes of India of wasting their substance in entertaining Viceroys, and who believe that such visits are compact of pomp and ceremonial, in the midst of which moves a Viceroy, blinded to the true conditions existing in the States. As you know, and I know, this picture is far from reality. The conditions, difficulties and problems of the States would mean little to a Viceroy who never left Simla or Delhi, and did not see things for himself and with his own eyes. The picturesque ceremonial that represents the ancient traditions of the past, the varied entertainment which is so hospitably provided for a few lighter hours, form only the smaller part of the intimacy which is a feature of these occasions. I personally can remember long heart to heart talks, in which every aspect of administrative problems and difficulties has been discussed; I have met your officials and seen your institutions and he would be unworthy of the post of Viceroy who could not derive some profit and form some judgments from such experiences. There have been cases too when these visits have seen the settlement of serious and weighty problems at issue between my Government and the Rulers. And, last but not least, who can claim to know India, and India's wonderful history, who has not travelled widely in the States and seen the age-old monuments of ancient India, the Buddhist temples, the deserted cities of vanished kingdoms, the fortresses famous for stories of Rajput, Mughal and Maratha courage and chivalry, and the ports and harbours whence from times immemorial the trade of India has set forth? It is indeed hard to name a State that has not added to my knowledge of and interest in all for which this great country stands. For this and much more I tender to Your Highnesses my thanks on the eve of my departure. If, on rare occasions, we have disagreed, we have disagreed as friends, and I say in all sincerity that your unswerving friendship has done much to lighten the inevitable burden of my high office.

The course of events has decided that I should sever my official association with Your Highnesses at a momentous period in your history. You stand at the parting of the ways and the road to which your deliberations in London have guided you is, I believe, the road which will best promote your own interests, the interests of your subjects and of India. It means, as we all recognise, a departure from a tradition which has lasted for 100 years which has, taking it all in all, served you well, and under which your States have been preserved and brought to their present point of advancement and progress. It means a passing of the old conditions in which you have been able to develop on your lines, affected but little by the movements around you. Your internal affairs have for the most part been excluded from the questioning of outsiders, and you have had every opportunity of achieving the ancient Hindu ideal of Kingship. Success in that achievement has varied with the individuality

of different Rulers, but I am glad to testify both from my own observation and from the evidence of those who are qualified to judge, that there has, in the main, been a steady improvement in the standards of administration in your States. The spirit, which inspires a Government and in which its functions are carried out, is more important than its constitutional form, and whether it be autocracy, constitutional monarchy or democracy its success will be guided by the extent to which it provides certain essential conditions for the welfare of its subjects. Your Highnesses will perhaps allow me to indicate briefly what in my view these are. There must be a reign of law based either expressly or tacitly on the broad goodwill of the community: individual liberty and rights must be protected, and the equality of all members of the State before the law be recognised. To secure this an efficiently organised police force must be maintained, and a strong and competent judiciary, secure from arbitrary interference by the executive and irremoveable so long as they do their duty. Taxation should be as light as circumstances permit, easy of collection, certain, and proportionate to the means of the tax-payer to pay. The personal expenditure of the Ruler should be as moderate as will suffice to maintain his position and dignity, so that as large a proportion as possible of the State revenues may be available for the development of the life of the community, such as communications, education, health and social services, agriculture, housing and other kindred matters. There should be some effective means of ascertaining the needs and desires of its subjects and of keeping close touch between the Government and the governed. Religious toleration and conciliation in all disputes between the subjects are important, and last but not least is the need to choose and trust good counsellors. By this, perhaps more than aught else, is a wise ruler known, and the fulness of his trust in competent advisers will, in great part, be the measure of the confidence which his people repose in him.

I must not however allow my address to Your Highnesses to develop into a treatise on the theory of Government. Some may say that it is not always so easy to carry such precepts into practice, but there are, I believe, few who would not readily admit these minima requirements of good administration, and you will remember that a Resolution by His Highness the Maharaja of Bikaner commending its essentials was passed not long ago with unanimity in this Chamber. There is no use in disguising from ourselves that the new order of things and the irresistible logic of events are lifting the veil from much that has hitherto been considered of private concern, and more and more factors are tending to bring your affairs into publicity. Where there is criticism of any of your administrations, be it based on reasonable grounds or securrilous and misinformed; the best answer on the part of those who have nothing to hide is the issue of full and regular administration reports from which the public may learn how your Government is carried on. Such publication has always been desirable, but it will be essential when, in these changing times, you come to take your part in the federal constitution of all India. That constitution will not affect your internal autonomy in non-federal matters, but in common subjects you will have to bring to the common pool information of which the Political Department and the Government of India have hitherto been the sole repositories. The time is ripe for the change and, believe me, I welcome it. I welcome the enlargement of vision, which sees beyond territorial boundaries, and embraces in one wide sweep the

identity of interests and solidarity of British India and the Indian States. But let us not forget that, as you acquire a share in the control of common subjects, and as your internal affairs become of increasing interest to public opinion in India, there will come to you more and more responsibility for bringing your administrations to the level demanded of all modern Governments. I acknowledge gratefully that there are many States that have nothing to fear, where within the compass of their resources all that is possible is done for the welfare and progress of their subjects. But there are still others to which this description cannot apply; where personal extravagance has injured the financial stability on which sound administration must rest, and where too little is spent on the welfare and advancement of the people. Where such conditions exist, they cannot fail to be a danger to the whole body of your Order, and I appeal to Your Highnesses to use all your influence, as the Viceroy must use his, to secure improvement. There will then be little reason for apprehension. Your personal and dynastic relations are likely to continue to lie through the Viceroy with the Crown, and your guarantees will remain under the same conditions as heretofore. Let it therefore be your endeavour so to rule your people that they will be as proud to be subjects of your States as they will be proud of your States' partnership in a federation of all India.

Your Highnesses, you will require both courage and wisdom to deal with the many new problems with which you will be confronted. My last words in my last opening address in this Chamber are to express the hope and belief that you will be found not unequal to the task, and in all sincerity and with all goodwill to wish Your Highnesses Godspeed in your efforts for the greater happiness and well-being of your States and of India within the orbit of the British Empire.

Agendum No. 1.

Resolution of Condolence by His Highness the Maharaja of Patiala at the death of Their Highnesses of Barwani, Begum Mother of Bhopal, Udaipur, Rampur, Orchha, Sachin and Tonk.

His Highness the Maharaja of Patiala: Your Excellency, Your Highnesses; I rise to discharge the sad duty of asking Your Highnesses to place on record our heartfelt sorrow and sense of loss at the passing away of some of the Members of our Order.

The Angel of Death has exacted a very heavy toll, and I am not sure that it is not the heaviest that could fall upon our Order as, in the year that has just gone by, as many as three Princes whose loss we mourn were in the prime of their lives.

Your Highnesses, in the demise of the late Maharana Sahib of Udaipur, we mourn the loss of one who combined in his person all that is most noble and all that is most chivalrous in the Rajput character. He was a Prince singled out for marked and unparalleled honour by our beloved King-Emperor, and he was the recipient of innumerable expressions of friendship and esteem from successive Viceroys and the proud possessor of his subjects', and if I may add, his brethren's veneration. In paying

our tribute to his memory I cannot do better than quote His Majesty the King-Emperor who as Prince of Wales summed up his late Highness' career in four memorable words "great traditions greatly maintained".

Their late Highnesses of Orchha and Tonk passed into the beyond at a ripe age and yet they have left a void in the hearts of their loving subjects because they both ruled for considerably over half a century. Though rulers of the old type they were the fathers of their subjects and always strove for their happiness.

In his late Highness the Nawab of Rampur, we have lost a brother who was still in the prime of life. His was a remarkable personality in many ways and we had hoped for his cordial co-operation in the difficult task which lies ahead of us.

Their Highnesses the Rana Saheb of Barwani and the Nawab Sahib of Sachin were younger still, and, had fate permitted it, might well have been in our midst today, to render us their valuable help and co-operation.

I do not think that my mournful duty would be fully discharged without a reference to one who, although on account of retirement from worldly life ceased to be a Member of this Chamber, yet throughout her active life, occupied a unique and a prominent position in our Order—I refer to that gracious lady Her late Highness the Begum Mother of Bhopal, the revered mother of our distinguished brother, His Highness the Nawab Sahib of Bhopal, and if I may be privileged to say so, one whom many of us regarded as our own Mother. The only lady Ruler of her day, she left nothing untouched either in the administration of her State or in the realm of the fine arts and institutions of public utility, and she "touched nothing which she did not adorn".

Your Highnesses, I hesitate to prolong your painful feelings and would request you to pay due homage to the noble souls that are no longer with us by moving the following resolution:—

> "That the Chamber of Princes records its heartfelt sorrow at the lamentable demise of Their Highnesses the Rana Sahib of Barwani, Begum Mother of Bhopal, Maharana Sahib of Udaipur, the Nawab Sahib of Rampur, the Maharaja Sahib of Orchha, the Nawab Sahib of Sachin and the Nawab Sahib of Tonk together with the sense of the loss thereby sustained by the entire Order of Princes; and offers its sincerest sympathies and condolences to the bereaved families."

His Highness the Maharaja of Bikaner: Your Excellency, Your Highnesses; In seconding this Resolution I beg respectfully to associate myself with it.

His Excellency the Viceroy: Your Highnesses have heard the Resolution moved and seconded. It will be your pleasure to signify its passage in the usual way by standing.

(The Resolution was carried unanimously.)

His Highness the Nawab of Bhopal: Your Excellency, Your Highnesses; I have been so greatly touched by the kind reference made to the memory of my late revered Mother that I feel I must say a few

words to express my sincere thanks and gratitude for the kind sympathies extended to me in my great sorrow. The sad event to which you have referred has cast a gloom on the State of Bhopal and is mourned throughout the length and breadth of India. No greater calamity can befall a person in his life than being deprived at one cruel wrench of the protecting and loving arms which tended and brought him up; but the grief becomes more poignant and the sense of loss more profound when the loving Mother also happens to be the illustrious master at whose feet you have learnt everything noble and good. Her Late Highness, "Sirkar-i-Alia" as we her devoted children, whether blood relations or subjects, used to call her, has by her life of service and devotion to her people, her keen interest in the cause of women, her patronage of knowledge, her simplicity of life, her tender regard for the poor and the needy, written a noble page in the history of the great women Rulers and left an unfailing source of inspiration to her Order and a noble example for those who wish to serve their fellow human-beings. Her death has plunged us, her children and her subjects, into a deep and crushing grief, but kind sympathies like those expressed by Your Excellency and by Your Highnesses are a source of great solace and comfort. I thank Your Excellency and Your Highnesses once more from the bottom of my heart for your kind words of sympathy.

His Highness the Nawab of Rampur: Your Excellency, Your Highnesses; I am profoundly touched by your generous expression of sympathy in my great bereavement. The feeling that my sorrow is fully shared by those to whose affectionate regard I am entitled would indeed help in much to bear my misfortune with resignation. No less deeply am I grateful for the very encouraging and cordial welcome which His Highness the Chancellor on behalf of Your Highnesses has extended to me on my first appearance in this august House. I need hardly assure Your Highnesses that I shall take an abiding interest in the work and activities of our great Chamber. In association with Your Highnesses—for unity is strength, it will be my life-long endeavour to serve our Order to the best of my humble capacity.

Agendum No. 2.

Resolution of welcome by His Highness the Maharaja of Patiala to Their, Highnesses of Udaipur, Rampur, Orchha, Sachin, Tonk, Indore Jaipur, Cambay, and the Raja of Lunawada and the Maharaja of Mayurbhanj

His Highness the Maharaja of Patiala: Your Excellency, Your Highnesses; it is my pleasant privilege to extend on behalf of Your Highnesses a cordial welcome to Their Highnesses of Cambay, Indore, Jaipur, Lunawada, Orchha, Rampur, Sachin, Tonk and Udaipur who have become members of the Chamber this year. We have ample reasons to congratulate ourselves on having the co-operation in our work of so many members of the younger generation whose traditions and education would prove a great asset to our Order. The task awaiting them in their States as well as within the four walls of this Chamber is of extreme delicacy and not free from difficulty. If I may be permitted to say so, they are all full of promise and I have not the slightest doubt that before long they will endear themselves to the hearts of their people and gain the esteem of all in and outside the Chamber by the right exercise of their undoubted gifts and by

their devotion to duty. Your Highnesses, on your behalf I beg leave also to extend a warm welcome to the Maharaja Sahib of Mayurbhanj the latest acquisition to our Chamber who has come into his own—whose reputation as an able, enlightened and progressive Ruler is known to most of us—as also to the other members of our Order who are attending the Chamber Session for the first time today. I have not the slightest doubt that they are fully impressed with the importance of the present session and that their presence amongst us would help us to arrive at right decisions on the important questions with which the States are at the present moment confronted. I now beg to move that

> "The Chamber of Princes offers its heartiest congratulations to Their Highnesses of Cambay, Indore, Jaipur, Lunawada, Orchha, Rampur, Sachin, Tonk and Udaipur on their assumption of powers and to the Maharaja of Mayurbhanj on his entry into the Chamber and welcomes them all in its midst wishing them a long and prosperous rule."

His Highness the Maharaj Rana of Jhalawar: Your Excellency, Your Highnesses; It gives me much pleasure to second the Resolution so befittingly moved by His Highness the Chancellor welcoming in our midst Their Highnesses of Cambay, Indore, Jaipur, Lunawada, Orchha, Rampur, Sachin, Tonk, Udaipur and, though last but not least in love, Mayurbhanj. I am sure that the Princes to whom we are all according a hearty welcome will not only be an instrument of ushering an era of progress and prosperity in their own States, and thus prove a source of great bliss to their people but will also be a source of great strength to the Chamber in tackling such problems as are coming in our way at so difficult a period. Your Highnesses, things are marching very rapidly not only in India but all the world over, and we cannot afford to lag behind. Those amongst us, who represented us at the Round Table Conference, have rendered, as is known to you all, a unique service to our cause, our Order, and the motherland, for which they have earned not only our gratitude but that of the entire country as well. But what took place in London was only the first act of the drama of Indian political rejuvenation and much more remains to be done. The work that awaits us concerns us all and it is for us to show that we are quite up to the task which we have been called upon to perform. Let us, therefore, proceed on the way already paved by our worthy guides and let our pace be compatible with the march of the times. Let us fulfil with credit such responsibilities as are devolved on us and discharge with grace the trusts which are linked with our position individually as well as collectively. I need hardly say that no trust is more sacred than the service of those who have, by the design of Providence, been placed under our care, the service of our Order, the service of our motherland and the service of the British Empire to which we have the honour to belong. With these words I whole-heartedly associate myself with the Resolution and commend it to Your Highnesses for acceptance.

The Chief of Jamkhandi: Your Excellency, Your Highnesses; I feel great pleasure in supporting this Resolution of welcome moved by His Highness the Chancellor and duly seconded. The Maharaja of Mayurbhanj deserves our special congratulations. In my humble opinion, the case has got importance not because a new member is added to the old list but because membership has been bestowed upon the Maharaja by His Excellency the Viceroy under clause 2 of Rule 2 of the Constitution. It would not be out of place here if I take this opportunity of expressing our hearty thanks and

gratefulness to His Excellency the Viceroy for using the discretion by even cancelling the specific restrictions in the Mayurbhanj Sanad and by raising Mayurbhanj State's status to that of a full powered State. I may only add that His Excellency would be graciously pleased to use the same sympathetic discretion in many other cases which quite fit in under the same clause and make the Chamber a more representative body and add to its usefulness.

With these remarks I support this Resolution whole-heartedly.

The Raja of Talcher: Your Excellency, Your Highnesses; While congratulating the Maharaja Saheb of Mayurbhanj on his admission to this Chamber, in his own right, I beg to tender my heartfelt thanks to Your Excellency for the recognition. Your Excellency's happy decision, in regard to this State, is in a way, a recognition of the status of the other Orissa States with reference to this Chamber.

Your Excellency is no doubt aware that we, the Orissa States, have, from the beginning of the imposition of Sanads, in the face of our Treaties, been continuously protesting against encroachments on our original rights. I beg to state that the restrictions on our inherent powers as mentioned in the Sanads are mainly due to a misconception of our Treaty position. The admission of Mayurbhanj into this Chamber will, I trust, be soon followed by the withdrawal of the Sanads and a recognition of the claim of other Orissa States to be admitted into this Chamber in their own right.

Before resuming my seat let me again congratulate my friend and relation the Maharaja of Mayurbhanj on the successful end of the efforts which his late lamented father and myself began, in this connection, so early as 1909.

His Excellency the Viceroy: Do any of Your Highnesses desire to address the Chamber? If not, I will put to the vote the Resolution that Their Highnesses have heard being moved by the Chancellor—the Resolution of welcome to the Rulers of States whose names appear on the paper.

(The resolution was carried unanimously.)

His Highness the Maharaja of Patiala: The Maharaja of Mayurbhanj would like to express his thanks.

The Maharaja of Mayurbhanj: Your Excellency, Your Highnesses; Permit me to express my heartfelt thanks for the kind welcome that has been extended to me today. Your Excellency has placed me and my State under a debt of gratitude by your gracious act which has enabled me to take my seat in this Chamber among my brother Princes. I can assure Your Excellency and Your Highnesses that it will be my earnest endeavour to uphold the dignity and traditions of this Chamber to the best of my ability.

His Highness the Nawab of Sachin: Your Excellency, Your Highnesses; On behalf of my people and myself I thank you most sincerely for your kind sympathy in our bereavement. I am deeply touched by it. The death of my revered father H. H. the Late Nawab Saheb of Sachin is a great loss to us especially at a time when his deep knowledge and ripe experience would have been of the greatest assistance to us.

I am very greatful, Your Excellency and Your Highnesses, for the kind words in which you have welcomed me to this Chamber. I come to this Chamber at a very critical time in the history of India and the States.

Problems of far-reaching importance, problems which affect the status, the privileges and the dignities of the States most intimately confront us and demand a solution. I am new to this Chamber and to a large extent to the problems with which we have to deal. With the help and guidance of some of Your Highnesses with whose friendship I am honoured, I shall try, to the best of my ability, to assist in the deliberations of this Chamber.

His Highness the Nawab of Cambay: Your Excellency, Your Highnesses; Diffident though I feel in rising to make even a short speech, I cannot possibly refrain from returning thanks for the welcome which has been extended to me by Your Excellency and my brother members of this Chamber.

Your Excellency and Your Highnesses, when this institution, *viz.*, the Chamber of Princes, which has achieved so much for the good of the States, came into being, my revered father had already died. I am sure that if he had been alive at the inception of the Chamber, nothing would have rendered him greater satisfaction than to be a regular attendant at its annual sessions and to take personal interest in all its activities. I, as you may be aware, was an infant when my father died and have only recently assumed the responsibility of ruling my State. Therefore, all I need say, after thanking Your Excellency and Your Highnesses for the welcome which has been accorded to me, is that it is my firm resolve to win, as I hope I may, the esteem of the Viceroy and of my brother Princes by always attending the Chamber and by taking a keen interest in all the problems that may come up for consideration hereafter. I would only add that in recognition of the fact that large changes are impending in the government of this country and a new order is about to be evolved, it will be my business to devote deep thought to the problems that emerge and consistently with the interests of my State and of all the States taken together to choose a line of action which I trust will be worthy of the traditions of my State and in tune with the spirit of the times.

With these few expressions of gratefulness for the reception which has been given me, I beg Your Excellency and Your Highnesses to permit me to resume my seat.

Agendum No. 4.

To receive a statement from His Highness the Maharaja of Patiala regarding the work of the Indian States' Delegation at the Round Table Conference.

His Highness the Maharaja of Patiala: Your Excellency, Your Highnesses; No statement of the work of the Indian States' Delegation can be complete without a narration of the circumstances leading to the Conference. On the 31st October, 1929, His Excellency the Viceroy made the announcement that His Majesty's Government intended to summon in London a conference of all interests concerned to formulate the future constitution of the Government of India. This Chamber in its annual session last year welcomed that announcement and expressed its willingness to co-operate cordially in the work of the conference.

His Excellency in selecting the delegates to represent the Indian States took full counsel with your Standing Committee. Besides the

representatives of this Chamber every important interest was included in the delegation, which consisted of ten Rulers and six Ministers. We were also given a strong body of advisers selected from among the Ministers and Secretaries of different States.

The States' Delegation formally assembled in London on the 25th of October. I had left India as early as the 23rd of August in order to prepare the ground for our work in England but on medical advice was unfortunately obliged to stay in Paris instead of going through to London. The Director of the Special Organization, who had accompanied me, was, however, sent immediately to London. He was instructed to explore the possible developments at the Conference and to prepare material for their discussion with a view to the determination of our line of action. By the end of September, His Highness the Maharaja of Bikaner and his Prime Minister Sir Manubhai Mehta also arrived in London and ungrudgingly guided the Director in the preparation of the material for the consideration of our delegation. Thus the six weeks we had for preliminary work were fully occupied.

The immediate task that confronted us was to discover the best method of securing adequate recognition of the claims of the States at the Conference. The English branch of the Special Organization had already done considerable work in the direction of enlightening British public opinion on the position, rights and importance of the States. It was necessary, however, to keep alive that favourable impression and relate it to the problems which the Conference was meeting to discuss.

We, therefore, utilised this interval in cultivating friendly relations and exchanging views with the leaders of Political parties in Great Britain and with British Indian delegates who had already arrived in London. This was of considerable importance, because it enabled us to appreciate the probable development of events at the Conference as also to understand the general attitude of the parties to the Conference towards the problem of the States.

The various issues arising out of the notes and memoranda which the Director of the Special Organization had circulated among the members of our delegation to serve as a basis for discussions were carefully examined at our meetings held at St. James' Palace.

A special committee of Ministers consisting of Sir Akbar Hydari, Sir Mirza Ismail, Sir Manubhai Mehta, Sir Prabhashanker Pattani, Rao Bahadur V. T. Krishnamachariar, Col. Haksar and Mr. K. C. Neogy was appointed for this purpose. They examined all the practical proposals with great care and submitted a unanimous report recommending a federation with British India as the most satisfactory solution of the problem of Indian States.

The Conference was opened by His Majesty the King-Emperor and on this occasion I as Chancellor moved the appointment of the Prime Minister as Chairman of the Conference. Also, following upon His Majesty's speech, three members of the States' Delegation—His Highness the Maharaja Gaekwar of Baroda, His Highness the Maharaja of Kashmir, Pro-Chancellor of the Chamber of Princes and Sir Akbar Hydari—spoke on our behalf and their speeches were broadcast.

On the Procedure and Agenda Committee shortly known as the Business Committee, which was appointed on the opening day at the suggestion

of the Prime Minister, our delegation was represented by no less than five members. This was a matter of great satisfaction to the States as it was this Committee which decided the programme and work of the conference.

The work of the conference began with the plenary session on the 17th of November and from that time onwards in order to keep my brother Princes informed of all that was done at the conference, I continued to send out to His Highness the Acting Pro-Chancellor a weekly bulletin of the progress of work. The discussion was opened on behalf of British India by Sir Tej Bahadur Sapru who in presenting the case for Indian self-government addressed a direct appeal to the States to join in an All-India Federation. This appeal which was couched in very cordial terms showed the realisation on the part of the British Indian leaders that a reasonable settlement of the Indian problem can only be achieved through the willing co-operation of the Princes. After careful previous consideration, our delegation had also come to the tentative conclusion that federation provided for us the best guarantee for the continued enjoyment of our rights. The invitation was, therefore, cordially accepted subject to two conditions:—

(i) that each State should have the option of entering or remaining out of the federation,

(ii) that the acceptance was provisional and the delegation reserved to themselves full freedom of action in respect of the completed picture of the new constitution.

We also made it clear that the continued connection of India with the British Crown and the guarantee of our rights under the new constitution were the essential conditions precedent to our acceptance of a scheme of federation. These conditions were accepted by the Conference.

The duty of devising a constitution with due regard to those among other basic principles was entrusted to various committees of the Conference. Of these the most important was the Federal Structure Committee to which were referred the questions relating to the powers of the future government of India, the position of the States, the guarantees for their internal autonomy and the extent and nature of federal control in matters of common concern. The States' Delegation was very strongly represented on this Committee by Their Highnesses of Bhopal and Bikaner and by Sir Akbar Hydari, Sir Mirza Ismail and Colonel Haksar. The main object of our representatives in this committee was to secure for the States:—

(i) complete and absolute guarantees for the maintenance of our Treaty rights;

(ii) adequate voice in the determination of all-India policies, and

(iii) constitutional safeguards for the continuance of such vested rights and interests as our States possessed in various matters.

How far these objects have been secured by our representatives may be easily judged from the reports of the various committees which have now been published. The delegation themselves believe that they have secured all necessary guarantees for the maintenance of the Treaty Rights of the States. This is evidenced by the list of federal subjects to which only

those have been assigned which were considered absolutely essential in the interest of the whole of India. Further, some subjects are treated as federal only for purposes of legislation and policy. The Delegation were specially careful to reserve to the States, administration in certain subjects proposed to be federal in the future which are now being administered by State government. They further secured an adequate voice in the determination of all-India policies through representation in both Houses. The claim of the States to weightage in the number of seats in the legislature has been accepted in principle. It was also agreed that the Executive Government of the future would be composed with the association of the representatives of the States. In order to protect the vested interests and special rights of the States the Delegation also made it clear that there would have to be a Convention with every State entering the federation and it should be open to the States to reserve any special rights or interests which they now enjoy. In regard to the representation of the States in the legislature our representatives were able to secure the acceptance of the two principles which are of great importance to us:—

(i) that the method by which our representatives are chosen should be left solely to us;

(ii) that allotment of seats in the different States should also be settled by the States among themselves.

I need not add that dynastic and personal matters are reserved to the Crown as hithertofore. They will continue to be decided by the Viceroy on behalf of the Crown and it was made plain that the transfer of this power to the legislature was not contemplated.

The other Committee in which we were specially interested was that of Defence. In this matter the proposals contemplate no change in regard to maintenance by the States of their Forces and our delegation insisted that when defence becomes a fully federal subject, contributions already made by the States towards military expenditure should be taken into full consideration.

The general features of the constitution in which these principles are embodied have been generally agreed upon. It is contemplated that the Government of India should be made responsible, excepting in matters of defence, foreign policy and paramountcy relations, to the Indian legislature consisting of two Houses in both of which the Indian States would be fully represented. The Federal Cabinet in which also the States will be represented will be chosen from among the members of the legislature and will be accountable to it. The reserved subjects of army, foreign policy and personal and dynastic matters of Indian Rulers will be administered by the Viceroy. The Federal Assembly will have control only over such subjects as have been federalised. In regard to the States all other subjects will continue to be within the exclusive authority of the State governments.

In the final plenary session which met on the 20th of January, the Prime Minister of England accepted the conclusions of the Conference and declared that so far as the States were concerned their authority, excepting in those matters which are by their consent assigned to the federal government will continue unimpaired. It will be appreciated that whether in their insistence upon safeguards of their rights of the States or upon the association of the States in the formulation and execution of policies our Delegation strictly adhered to the line which Your Highnesses have consistently followed since 1917.

The kindly solicitude and gracious interest taken by His Majesty the King Emperor in the work of the Conference were a source of great strength to us. His Majesty's deep and abiding affection for the Princes of India was brought home to us in innumerable ways.

It only remains for me to express thanks on behalf of our Delegation. Our Delegation was received with marked cordiality everywhere. We were the recipients of great kindness and courtesy from all sides. From His Majesty's Government we received every consideration. The leaders of the great political parties and the general public of England showed warm interest in our problems and keen appreciation of our special position. Our sincere thanks are due to them.

Allusion must be made to the warm appreciation of the Delegation of the cordial relations and sympathetic attitude throughout maintained towards them by the British Indian leaders. To them our warmest thanks are due for the perfect understanding which resulted from daily contact.

As Chancellor, I may also be permitted to express the thanks of this Chamber to the Ministers who formed part of our Delegation. The representatives of the great States of Hyderabad, Mysore and Gwalior worked in whole-hearted co-operation with us. Their wide experience and mature wisdom were of invaluable help to the Delegation. Of Sir Manubhai Mehta, Sir Prabhashanker Pattani and Col. Haksar, it is unnecessary for me to say anything. These distinguished men who have grown grey in our service have placed us under further obligation by their wise counsel and unfailing foresight.

We were also extremely well served by the Ministers and Secretaries who were nominated as Advisers. They took part in the meetings of our Delegation and gave us the benefit of their advice on all questions of importance. They too deserve Your Highnesses' appreciation.

His Excellency the Viceroy: Your Highnesses who were on the Delegation that went to England will no doubt feel that His Highness the Chancellor has given a concise and yet fairly full statement to the Chamber of the activities on which you were all engaged. I think that those of Your Highnesses who were not able to go to England will join with me, even at this stage, in thanking the Chancellor for having placed you with such brevity and clarity in possession of the principal points on a very large subject. I gather that it will not be your desire to initiate any debate on these matters to-day, as more formal resolutions will be moved on subjects arising out of the Chancellor's statement at a later session, probably Wednesday or Thursday, and therefore unless any of Your Highnesses desire to pursue the debate at the present stage I suggest that we shall now merely record our gratitude to the Chancellor for his statement.

If it be the pleasure of Your Highnesses, that concludes our formal business here, and before we move I may draw your attention to the fact that there are two items of informal business. It is usual on the first day of our session for Your Highnesses to be photographed. I understand that arrangements have been made by which effect may be given to that obligation. The other matter is that when that is concluded it is proposed that I should on your behalf informally unveil the statue of Lord Reading which stands outside this building and which has been generously presented and installed at its present place by His Highness the Maharaja of Datia. I will therefore ask Your Highnesses to be good enough to be present at that function.

This concluded the proceedings of the day.

PROCEEDINGS OF THE SECOND DAY.

The 17th March, 1931.

The following Ruling Princes and Chiefs were present:—

Central India.

His Highness the Nawab of Bhopal.
His Highness the Maharaja of Bijawar.
His Highness the Maharaja of Datia.
His Highness the Raja of Jhabua.
The Raja of Khilchipur.
His Highness the Raja of Narsingarh.
His Highness the Maharaja of Orchha.
His Highness the Maharaja of Panna.
His Highness the Raja of Rajgarh.
His Highness the Maharaja of Rewa.
The Raja of Sarila.
His Highness the Raja of Sitamau.

Rajputana.

His Highness the Maharaja of Bikaner.
His Highness the Maharaj-Rana of Dholpur.
His Highness the Maharawal of Dungarpur.
His Highness the Maharaja of Jaipur.
His Highness the Maharawal of Jaisalmer.
His Highness the Maharaj Rana of Jhalawar.
His Highness the Maharaja of Jodhpur.
His Highness the Maharao of Kotah.
His Highness the Nawab of Tonk.

Punjab States.

His Highness the Nawab of Bahawalpur.
His Highness the Nawab of Maler Kotla.
His Highness the Raja of Mandi.
His Highness the Maharaja of Patiala.
His Highness the Maharaja of Sirmur.
His Highness the Raja of Suket.

Western India States.

His Highness the Maharao of Cutch.
His Highness the Nawab of Palanpur.
The Thakore Saheb of Palitana.
His Highness the Maharaja of Porbandar.
His Highness the Raj Saheb of Wankaner.

Bombay.

The Nawab of Balasinor.
His Highness the Raja of Baria.
His Highness the Nawab of Cambay.
The Raja of Chhota Udepur.
The Maharana of Danta.
The Chief of Jamkhandi.
His Highness the Mir of Khairpur.
The Chief of Phaltan.
His Highness the Maharaja of Rajpipla.
The Nawab of Sachin.
His Highness the Chief of Sangli.

Bihar and Orissa.

The Maharaja of Mayurbhanj.
The Raja of Talcher.

Central Provinces.

The Raja of Korea.

Punjab.

The Raja of Baghat.
The Raja of Kalsia.

United Provinces.

His Highness the Maharaja of Benares.
His Highness the Nawab of Rampur.
His Highness the Raja of Tehri (Garhwal).

His Highness the Maharaja of Jaipur: Your Excellency, Your Highnesses; I very much regret that owing to the lateness of my arrival in Delhi yesterday, I was unable to thank Your Highnesses for the kind welcome which you accorded to me on my taking my seat in this illustrious Chamber. It will be my constant endeavour to try and maintain the high traditions of this House to belong to which I regard as one of the greatest honours to which I have succeeded.

Agendum No. 9.

Air Navigation in Indian States.

His Excellency the Viceroy: Will Your Highness now proceed with Agendum No. 9?

His Highness the Maharaja of Patiala: Your Excellency, Your Highnesses; The question of Air Navigation in its relation to the Indian States has been under discussion for a very long time. It was initiated by the Government of India in February 1923 when the approval of the Standing Committee was sought to the following statement of position:—

> "In virtue of the fact that by Treaty and Usage the control of the foreign relations of the States in India is vested in the British Government, the right of the British Government to deal with international air navigation on behalf of the States is assured.
>
> It is further recognised that the British Government possesses the right to deal with internal air navigation within the limits of India for purposes of the protection of the mutual interests of the States and the British Government and of the States among themselves. But the right of international sovereignty in the States should be recognised for such purposes as—
>
> (1) the prescribing of prohibited areas within their territories for the purpose of protecting the persons of the Princes and the Palaces and residences of the Princes and their families, and
>
> (2) the exercise of existing fiscal rights".

Full six years after, in January, 1929, the question was again put up to the Standing Committee with the position of February, 1923, considerably altered.

In the course of the year 1929-30 the Standing Committee held many prolonged sittings to discuss this intricate question involving a vital right of the States and a compromise was reached which ensured the sovereignty over the air of the States concerned and acknowledged their fiscal and other interests involved, making provision simultaneously for necessary co-operation with the Government of India to enable the discharge of the international obligation in this behalf, and for the security of India as a whole. This happy result was mainly secured through the constructive statesmanship of my colleagues, Their Highnesses of Bikaner, Kashmir and Bhopal and the reasonable attitude of the Political Secretary and other experts of the Departments concerned of the Government of India.

The tentative conclusions reached were further examined by the Government of India and the result in the form of an amended summary was placed before the Standing Committee for consideration in March 1930 when it was adopted by the Standing Committee.

I have only two remarks to make with regard to the revised summary now placed before Your Highnesses—

(*a*) With regard to the word 'emergency' in the preamble I enquired whether it could be defined and was informed that " 'emergency' would be very difficult to define", because all the circumstances which may constitute emergency could not be foreseen.

(*b*) As regards provision (*e*) I asked what the intention of the latter part of that clause was and the Political Secretary explained that the idea was that if this proviso were not included it would be possible for the States to allow entrance to foreign aircraft that might be excluded from British Indian soil. It was added that the provision did not refer to aircraft of the Indian States.

The reason of this qualifying clause was further explained to be that "the possible necessity of excluding aircraft of foreign nations from flying and establishing themselves in India cannot be disregarded".

In the light of these explanations the summary was accepted by the Standing Committee but His Highness the Maharaja of Alwar indicated that he would reserve his opinion on the whole subject.

Having stated all the facts I now commend the summary as printed in column 5 to Your Highnesses' acceptance.

His Highness the Maharaja of Bikaner: The first point which I wish to submit to Your Excellency and Your Highnesses is that these Summaries are submitted for the general acceptance of the Chamber. There is an omission of the word "general". Again there is a clerical error where in the first quotation given it is said that the approval of the Standing Committee was sought to the following, but it does not say that the Standing Committee did not pass those proceedings. I will not go at length into the question because all the papers will be found in the proceedings of the Standing Committee which discussed this question. But I only want to make those two points clear.

His Excellency the Viceroy: Do any of Your Highnesses desire to speak on this subject? Unless you do, you will perhaps allow me to put the question to the Chamber whether the Summary as stated in Column V may be taken to be generally acceptable to the Chamber.

(The Resolution was carried unanimously.)

Agendum No. 7.

Linking of Inter-statal telephone lines.

His Highness the Nawab of Maler Kotla: Your Excellency, Your Highnesses; The object of the resolution which stands in my name today is to facilitate telephonic communications between neighbouring States. With

the moving of the times telephones have become a daily necessity for transacting business and are a great convenience to administrations and the trades people. States which are close together and whose territories adjoin each other have daily work and the linking of inter-statal telephones of such States would be of immense value. Some years back when I proposed this resolution my idea was and still is that there should be no restriction of previous sanction of Government in this matter.

The subject of the resolution has since been under the examination of the Government of India and I am glad it has now come on the Agenda. The resolution runs as follows:—

> "That the interlinking of Telephones of one State to another State, where no other territory intervenes, should be permitted subject to information of the intention being sent to the Government of India."

With these remarks I commend the resolution to Your Highnesses and hope it will receive Your Highnesses' approval and acceptance.

His Highness the Nawab of Bahawalpur: I beg to second the Resolution moved by His Highness the Nawab of Maler Kotla.

His Excellency the Viceroy: If no other of Your Highnesses desire to speak I will read the Resolution:—"That the interlinking of telephones of one State to another State, where no other territory intervenes should be permitted subject to information of the intention being sent to the Government of India." Those in favour of this would signify their assent.

(The Resolution was carried unanimously.)

His Excellency the Viceroy: I must congratulate Your Highnesses for the expeditious despatch of your business. That concludes our morning programme and I understand that we shall have a full session on Thursday

PROCEEDINGS OF THE THIRD DAY.

The 18th March, 1931.

The following Ruling Princes and Chiefs were present :—

Central India.

His Highness the Maharaja of Datia.
His Highness the Raja of Jhabua.
His Highness the Raja of Narsingarh.
His Highness the Maharaja of Orchha.
His Highness the Maharaja of Panna.
His Highness the Maharaja of Rewa.
The Raja of Sarila.
His Highness the Raja of Sitamau.

Rajputana.

His Highness the Maharaja of Bikaner.
His Highness the Maharawal of Dungarpur.
His Highness the Maharaja of Jaipur.
His Highness the Maharawal of Jaisalmer.
His Highness the Maharaj Rana of Jhalawar.
His Highness the Maharao of Kotah.

Punjab States.

His Highness the Nawab of Bahawalpur.
His Highness the Maharaja of Kapurthala.
His Highness the Nawab of Maler Kotla.
His Highness the Raja of Mandi.
His Highness the Maharaja of Patiala.
His Highness the Maharaja of Sirmur.
His Highness the Raja of Suket.

Western India States.

His Highness the Maharao of Cutch.
The Thakur Saheb of Limbdi.
His Highness the Maharaja of Nawanagar.
His Highness the Nawab of Palanpur.
The Thakore Saheb of Palitana.
His Highness the Maharaja of Porbandar.
His Highness the Raj Saheb of Wankaner.

Bombay.

The Nawab of Balasinor.
His Highness the Raja of Baria.
His Highness the Nawab of Cambay.
The Raja of Chhota Udepur.
The Maharana of Danta.
The Chief of Jamkhandi.
His Highness the Mir of Khairpur.
The Chief of Phaltan.
His Highness the Maharaja of Rajpipla.
The Nawab of Sachin.
His Highness the Chief of Sangli.

Bihar and Orissa.

The Maharaja of Mayurbhanj.
The Raja of Talcher.

Central Provinces.

The Raja of Korea.

Punjab.

The Raja of Baghat.
The Raja of Kalsia.

United Provinces.

His Highness the Nawab of Rampur.
His Highness the Raja of Tehri (Garhwal).

Agendum No. 3.

To receive a statement from His Highness the Maharaja of Bikaner regarding his work at the Imperial Conference and as a representative of India at the last meeting of the League of Nations.

His Excellency the Viceroy: I will now ask His Highness the Maharaja of Bikaner to make his statement regarding the Imperial Conference and as a representative of India at the last meeting of the League of Nations.

His Highness the Maharaja of Bikaner: Your Excellency, Your Highnesses; With the permission of Your Excellency and Your Highnesses, I propose, in order to save time, to make a joint statement regarding my work at the Assembly of the League of Nations and the Imperial Conference last autumn. I have no desire to waste your time in giving a very detailed account of everything that took place. Much of this information will be available in the Reports, and which almost entirely is not of immediate concern to us.

2. My having to leave India in August was inconvenient to me on both public and private grounds. But having had the honour and good fortune of claiming many of Your Highnesses amongst my valued, personal friends; and being the recipient of your trust and confidence; and, above all, having regard to a stern sense of duty and a call to render further service to our gracious Emperor and the Empire, as well as to our Motherland, I felt that I could not but accept the invitation even though it entailed my leaving Bikaner some two months earlier than if I were merely attending the Round Table Conference, which, as you are aware, did not meet till about the middle of November.

3. My clear duty, as also my natural desire, is to spend most of my time in my own State and with my own people. But the circumstances in which His Excellency the Viceroy and the Secretary of State were kind enough to extend to me an invitation to lead the Indian Delegation at the League of Nations, and to attend the Imperial Conference held in London last October, were exceptional. It was the first occasion when a Member of Your Highness' Order was being invited to undertake the responsible mission of leading the Indian Delegation to Geneva. The Imperial Conference also promised, as it proved, to be one of the most important of its kind since the Great War.

4. My Colleagues at Geneva were:—

(1) Nawab Sir Zulfiqar Ali Khan; and

(2) Sir Ewart Greaves who, I regret to say, had later to leave our Delegation and to return to England owing to serious illness in his family; and his place was taken by Sir Basant Mullick.

Our substitute Delegates were:—

(1) Sir Deva Prasad Sarvadhikary;

(2) Sir Denys Bray; and

(3) Sir Jehangir Coyajee.

The Indian Delegation to the Imperial Conference consisted, besides the Secretary of State and myself, of Sir Muhammad Shafi and as Substitute Delegates of Sir Geoffrey Corbett, and Sir Padamji Ginwala.

5. I left Home on the 14th August and sailed from Bombay by the "Narkunda" on the 16th August last. Two of my colleagues from British India who were to form the Indian Delegation to Geneva, *viz.*, Sir Deva Prasad Sarvadhikary and Sir Jehangir Coyajee, were my fellow passengers, and I had several opportunities of discussing with them, on the voyage some of the questions that were on the Agenda of the Assembly. At my request His Excellency the Viceroy had been so kind as to place at my disposal, the services of Mr. G. S. Bajpai, Joint Secretary to the Government of India in the Department of Education, Health and Lands, as my Private Secretary at Geneva, and in London during the session of the Imperial Conference, to whom I am sincerely indebted for much valuable assistance.

6. I reached London on the 31st August, and after a short stay of four days, which was deemed necessary for the Delegation to meet the Secretary of State for India, I went to Geneva where Sir Zulfiqar Ali Khan, the other Delegate from India, who had been in ill-health, later joined us.

7. The session of the Assembly opened on the 10th September and lasted till the 4th October. As I had to return to London in time for the opening of the Imperial Conference on the 1st October, my stay at Geneva could not be prolonged beyond the 24th September, when Sir Zulfiqar Ali Khan took charge of my work. But the crucial stage of discussions of the more important questions was over before I left.

8. Your Highnesses are aware that the work of the Assembly is distributed among six committees. Each delegation has to allot different members to different committees, since it is physically impossible for any one delegate to attend all. With the concurrence of my colleagues, I decided to sit on Committee No. 3, which dealt with Disarmament, and Committee No. 4, which was charged with the consideration of an important Report regarding the reorganisation of the League Secretariat, in which connection Mr. Bajpai rendered especially meritorious services. In addition, I had to be available for consultation with my colleagues who served on the other committees, as the Leader of the Delegation is responsible for the co-ordination of its activities and also for meetings of the British Empire Delegation.

9. For the sake of economy of time, I must resist the temptation to give an account of all the subjects considered and the work accomplished by all the committees. Viewing the last session in broad perspective, its most important preoccupations were Disarmament and Economic Co-operation among the nations of the world. I will not weary Your Excellency and Your Highnesses with what I said in the one and only speech which I had to make at Geneva. Its gist was, I understand, cabled out to the Press in India; and I append a copy* of the same. I will only add that I, of course, took the precaution of safeguarding India's freedom to deal with the peculiar requirements of her frontier by drawing attention to their complexity, and to the inability of the machinery of the League to deal with them.

10. Connected with the subject of limitation of armaments, but in a sense wider in its scope, though perhaps less tangible in form, was the project of a European Union foreshadowed by M. Briand in the Assembly of 1929, and expounded at great length in the general debate in 1930. Its

* Appendix A.

aim is European co-operation, in politics and economics, with a view to avoidance of a European conflict. M. Briand had disclaimed all idea of organising Europe in a spirit of antagonism to the rest of the world. There was nothing to which exception could, therefore, be taken in the principle of his proposal. But there was all the greater need, for this reason, for avoiding anything that might give rise even to misapprehension outside Europe that the machinery of the League, which stands not for Europe or for Asia, but for the world, was being utilised merely to promote European aims. This aspect of the matter I ventured to bring out in my speech; and the resolution finally adopted by the Assembly in regard to it reflects this caution, since the representatives of non-European States Members of the League can join the inquiries which may be inaugurated in order to frame definite proposals for the realisation of M. Briand's idea.

11. As regards the economic field, the main work was done in the second Committee, where the proposal of the Indian Delegation for the continued and systematic study of depression in industry and trade, which is really periodical in character, was put forward with great ability by Sir Jehangir Coyajee, and adopted with the warm approval of the representatives of other important countries, *e.g.*, Great Britain, the Dominions and Japan. By calling for the treatment of agricultural problems on a level of equality with those of industry and commerce, provision was made for the study of matters which are of special interest to countries like India whose staple industry is agriculture. The chief credit for this is due to Sir Jehangir; and I venture to think that it is also a matter of gratification to India.

12. A full account of our labours and our suggestions for the future will, I hope, appear before long in our report to the Secretary of State for India.

13. I desire specially to emphasize the very harmonious and friendly relations and the close co-operation, which existed between one and all of my colleagues and myself, who rendered excellent service in the cause, and for the honour, of India; and I beg to take this opportunity once again of expressing to them my sincere and deep gratitude for all their loyal help, friendly assistance and great courtesy.

14. I will now briefly review the work of the Imperial Conference which sat in London from the 1st October till the 14th November.

15. Though the Secretary of State for India is, in accordance with precedent and India's present constitutional position, the acknowledged leader of the Indian Delegation at the Imperial Conference, I desire most gratefully to state that Mr. Wedgwood Benn, whilst helpful in every way, and keeping in the closest touch with us all at all times, was, at the last Conference, good enough to give every possible freedom for independent and individual expression of views to his colleagues from India. Such concern in meeting the legitimate aspirations of India, no less than his great courtesy invariably extended to us, deserve our very especial gratitude and India's grateful and ungrudging recognition.

16. The range of subjects covered by the Conference was wide. The Imperial Conference of 1926 constituted a land-mark in inter-imperial relationships by attempting a definition of the attributes of Dominion Status. The implications of this definition had to be further studied and stated in the form of constitutional propositions, first by experts, and

then by another Imperial Conference. The preparatory work was done by the Conference on Dominion Legislation that met in London in the autumn of 1926. Its report was the basis of the agenda of the last Imperial Conference as regards inter-imperial relations, and dealt with a number of highly important, but intricate, constitutional problems, such as the legislative powers of Dominion Parliaments, the provision of machinery for adjustment of disputes between self-governing members of the Commonwealth, the diplomatic representation abroad of the Dominions, and so forth. This group of subjects formed one important part of the agenda; the other related to closer economic co-operation between the various units of the Empire with a view to the promotion of economic prosperity. Between them, they occupied most of the time of the Conference.

17. The Indian Delegates were received with the greatest consideration and friendship both by His Majesty's Government—amongst whom we are particularly indebted to the Prime Minister, Mr. Ramsay MacDonald, and the Secretary of State for India—as well as by our fellow-Delegates from all over the Empire.

18. By the courtesy, and at the special request, of the Secretary of State I had the honour of replying on behalf of India to Mr. MacDonald's speech of welcome on the opening day of the Conference (a copy of the speech* is attached); and I profited by the opportunity to convey to the Conference on behalf of Your Highnesses a message of our staunch loyalty and deep devotion to the august Person and Throne of His Imperial Majesty the King-Emperor, and of our feelings of steadfast friendship and alliance to the Nations of the British Commonwealth.

19. In view of India's existing constitutional position, our interest in the discussions of the political questions related less to the present than to the future. But as we met practically on the eve of the Indian Round Table Conference, from which it was my earnest hope that India would emerge with her rise to Dominionhood assured, I felt that the time when the decisions on these questions would acquire a practical value for us was not far off. I, therefore, followed the proceedings of the Inter-Imperial Relations Committee of the Conference with keen interest. The Secretary of State had designated Sir Muhammad Shafi and myself on this Committee. Sir Muhammad's knowledge of constitutional law and practice was of great assistance. The recommendations of the Committee, and the conclusions reached in regard to them by the Conference, have, I believe, been published, and I need not recapitulate them. The scheme devised for the institution of the Commonwealth Tribunal for the purposes of determining differences and adjusting disputes of a justiciable character, which may arise between the Dominions *inter se*, or between them and Great Britain, however, may not be without a bearing upon a similar problem that has been engaging Your Highnesses' attention; and I would invite the attention of Your Highnesses and Your Ministers to the detailed proposals.

20. I must add that some changes contemplated in the Nationality and Common Status of the subjects of the various parts of the Empire was dealt with. I do not think that the point seriously arose. But, as I had the privilege of representing the special interests of Your Highnesses and

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* Appendix B.

of our States at the Conference, I felt it my duty towards them to make the point clear in the hope of obviating all future difficulties and misunderstandings. The position of the Princes and States of India is not only unique in the Empire, but it may, I believe, correctly be stated to be without parallel in the history of the world. The Rulers of our States are proud of the position which they enjoy in the Empire in virtue of their relations with the Crown by means of Treaties of perpetual alliance and friendship and other Engagements. It was beyond dispute that the subjects of the Indian States were not British subjects, nor does British legislation, including that by the Government of India, apply to our States. Therefore, without going into further details relating to our Treaty relations—some points concerning which, I pointed out, are at present the subject of discussion between the British Government and the Indian States—I wrote a letter enclosing a note to the Prime Minister—of which copies were sent to the Secretary of State—in which I stated that I wished clearly to have placed on record that my presence at the Imperial Conference, or the absence of any remarks on my part should not be taken to imply any admission of any alteration in the Status and Nationality of the Indian States and their Rulers and their subjects—whatever they may be—by the discussion of this, or other allied Inter-Imperial subjects recently before the Imperial Conference. I added that my observations might be held to be covered by the words—"local conditions or other special circumstances"—which were dealt with in paragraph 8(4) of the original draft conclusions of the Committee relating to Nationality and Common Status. I attach a copy* of my Note.

21. I received in reply a letter† from the Secretary of State, in which I was assured that my memorandum was carefully examined by expert authorities in the light of the conclusions of the Imperial Conference, and that they were in general agreement that I was right in thinking that the recommendations and conclusions reached at the Imperial Conference would in no way prejudice the position or status of Princes of India or their subjects. The letter concluded with the hope that the above facts would remove any doubts that I might have had on the subject. A similar reply‡ was received by me from the Prime Minister.

22. The economic side of our work was in the capable hands of Sir Padamji Ginwala, a former President of the Indian Tariff Board, and of Sir Geoffrey Corbett. If I may say so, they expounded India's policy of discriminating protection with admirable lucidity, and proved prudent and faithful custodians of her interests.

23. The relations and co-operation between the various Indian Delegates at the Imperial Conference were, I gratefully acknowledge, as cordial and friendly as those which existed between myself and my colleagues in Geneva.

24. I must here express my warm gratitude to the Prime Minister of the United Kingdom, who was President of the Imperial Conference, to the Secretary of State for India, and to all the representatives of the Self-Governing Dominions for the unfailing courtesy and kindness extended to us. It was a privilege to have worked with them, and the friendships thus formed will I am sure be warmly cherished by us all.

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* Appendix C.
† Appendix D.
‡ Appendix E.

25. As one of Your Highnesses' Order who, as specially representing your interests, is answerable to Your Highnesses for his activities on all such Imperial and International occasions, I take this opportunity of also attaching to this Statement copies of the following letters bearing on my work during my recent triple Mission from:—

(1) the Secretary of State for India, dated the 26th November, 1930.*

(2) the Prime Minister, dated the 21st January, 1931.†

(3) the Secretary of State for India, dated the 21st January, 1931.‡

(4) the Lord Chancellor, dated the 22nd January, 1931.§

26. Before concluding, may I, Sir, take this opportunity of expressing my indebtedness to Your Excellency for the many kind letters and telegrams you were pleased to send me, which, during a long and very strenuous and anxious period, were a source of great encouragement and satisfaction to me; and if any little service that I may have been able to render to the Empire and to India and our States, in Geneva and in London, meets also with Your Highnesses' approval, I shall have further cause for gratification.

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* Appendix G.

† Appendix H.

‡ Appendix I.

§ Appendix J.

APPENDIX A.

(Speech as Leader of the Indian Delegation at the Eleventh Session of the Assembly of the League of Nations, on Tuesday, the 16th September, 1930.)

The speech with which this discussion opened set in me unforgettable memories astir. For, as a signatory to the Treaty of Versailles, I shared with my old friend, Sir Robert Borden, the historic privilege of assisting at the birth of the League of Nations. When I came to the Assembly six years ago, it was as the representative of the special interests of "Indian India," as distinct from British India—those Indian States which possess their own internal sovereignty and comprise the territories of the Ruling Princes of India, who rule over some seven hundred thousand square miles and some seventy-two million subjects—in other words, about a third of the vastness of India and about a fourth of her teeming people. To-day I have the honour to stand here as the Leader of the Indian Delegation, thus symbolising the unity of India in its adherence to the League.

To the emphasis, Mr. President, which has been laid throughout this discussion on the need for making World Peace impregnable, India would have me add hers. The very diversity in which speech after speech has developed this theme is evidence of the intensity of the sentiment that inspires us. Our common purpose is to seek Peace and ensure it, and no array of difficulties, however great, must be allowed to dishearten us. Yet it was but a few years back that mankind still believed that glory was to be won through war. Happily, out of evil has come good, and the civilized world, torn by the suffering of those long years of war, is changing its whole outlook. And as I listened to the speech of my gallant friend, General Hertzog, I could not help calling back to my mind what I myself said six years ago: it is not among the ranks of those who have borne the burden of the fight that fire-eaters are usually to be found; for soldiers, after all, are the best judges of the horrors of war, the keenest to descry where its dangers lurk, the most impressive advocates of Peace. I myself am a soldier; I am descended from an ancient fighting stock from amongst the martial races of India; I have known war and its horrors. And there is to-day none who more deeply desires to see the whole force of our being dedicated to the service of Peace.

In that service much has recently been done; witness the Pact of Paris, the Optional Clause, the London Naval Treaty, to all of which India has adhered in that devotion to the cause of Peace with which she will set herself to the examination of the General Act at the forthcoming Imperial Conference.

But the greatest task of all lies ahead. If the World is to be saved from the devastation of other wars, whose horrors would assuredly exceed the worst horrors it has known, there must be a limitation of armaments, real, universal, substantial. That there can be no effective security without such limitation, no one knows better than the soldier. No one knows better than the soldier the practical difficulties which stand in the way. But these we must face and surmount. And though India has special difficulties of her own and special need for vigilant preparedness along her vast frontiers, peopled as they are by

war-like tribes against whom the machinery of the League affords no protection, she is ready to collaborate in all schemes of Disarmanent compatible with her security. For the will to Peace inspires, and ever will inspire her. Should anyone doubt it, let him read her philosophy, with its embodiment of the most complete and consistent code of pacificism in the World.

With such ideals, India cannot but be friendly to the underlying aims of that European co-operation of which M. Briand gave so eloquent an exposition the other day. Nevertheless, may a word of warning come without offence, and yet not without force, from the East? M. Briand disarmed criticism, it is true, by disclaiming all idea of organizing Europe in a spirit of antagonism to the outside world. Indeed, he described his plan as one of those regional agreements which, so far from impairing, are designed to fulfil the purpose of the Covenant. But is there not a danger in these early years of the League that a plan for the closer union of Europe may give rise to misapprehensions outside Europe itself as running counter to the basic conception of the Covenant that the League exists, not for Europe, not for Asia, but for the World? Any impression that Europe, better organized industrially, thanks to its mastery of the applied sciences, than most of the old, and some of the young, non-European countries, is seeking to consolidate its industrial position to the detriment—however unintended—of less fortunate parts of the world might conceivably lead to consequences which no member of the League could desire. It was indeed a happy instinct that prompted M. Briand to refer the whole question to the League, so that not merely Europe but all members of the League might be given an opportunity for considering how far the League machinery could fitly be adopted to the treatment of such regional problems. And does not the interdependence of the various countries of the world, and the organic connection between Industry and Agriculture, point insistently to the desirability of making all international co-operation in the economic sphere not sectional, or regional, but, so far as possible, world-wide? For what affects one part of the world to-day must react sooner or later upon others. And what affects Industry must ultimately react upon Agriculture. Thus, although industry was the first to feel the effects of post-war depression, Agriculture is feeling it now, and, in its turn, is depressing Industry still further. The depression of Agriculture and the depression of Industry are indeed organically allied problems, and embrace the whole world between them. Hence, what seems to me at any rate needed is for the technical organizations of the League to investigate the means whereby Agriculture and Industry alike can now be rescued and safeguarded hereafter against a recurrence of this world-wide depression. And although I myself speak here with the diffidence of a layman, I hope that the Indian Delegation will be able to make concrete suggestions to this end in Committee.

Let no one, Mr. President, misunderstand the tenor of my remarks. Smooth words come easily enough to the lips. But without sympathetic criticism—where criticism is needed—there can be no progress. One and all, we are loyal to the League; of that our presence here to-day is evidence. But it would be a poor sort of loyalty that fought shy of fearless introspection. It is not enough for us to serve the League blindly. We must serve it with that loyalty that comes of clear-sighted courage.

APPENDIX B.

Speech at the Opening of the Imperial Conference, on Wednesday, the 1st October, 1930.

I have the honour, through the courtesy of my Right Honourable friend Mr. Wedgwood Benn, of addressing this Conference on behalf of India. For my colleagues of the Indian Delegation and myself, I desire to thank you, Sir, and the British Government most sincerely for the cordial welcome, as also the graceful hospitality, extended to us in common with the Prime Ministers and other representatives of the Dominions. As the spokesman to-day of the Indian Delegation, and through it of the Government, Princes and people of India, may I join the other speakers at this Conference in tendering our respectful and loyal greetings to Their Majesties and our assurances of unswerving devotion and attachment to the King-Emperor and his gracious Consort? As a former Prime Minister of Australia fittingly observed at a previous Conference, the Crown represents something more than the visible symbol of the Empire's unity, the centre of its loyalties and the link which binds the whole Empire together. To us Indians—and I speak for my fellow Princes as well as the great mass of my countrymen both in the Indian States and British India—there is something peculiarly sacred in our feelings of veneration for the Sovereign; and this is all the more so in the case of His Majesty King George V, whose life of selfless service in the cause of all the peoples of his vast Empire fulfils all the ideals of true Kingship set forth in our Holy Scriptures.

Some of those present here to-day are attending an Imperial gathering for the first time. I myself am one of the exceptions, as I had the privilege of representing India at the Imperial War Cabinet and Imperial War Conference of 1917, and also at the few meetings of the Imperial War Cabinet in 1918-19 that preceded the Peace Conference. The new faces that I see amongst us to-day provide evidence of the change which is inevitable in human affairs. However, I venture to assert with confidence that whatever else these changes of personnel may signify, they mark no weakening of the spirit of devotion to the Crown or of attachment to the British Commonwealth of Nations. In 1917 I delivered to a similar distinguished Assembly a message of goodwill from my brother Princes especially entrusted to me at a banquet in Bombay just before my departure from India, emphasizing their staunch loyalty to the august Person and Throne of His Majesty, their feelings of steadfast friendship and alliance with the Nations of the British Commonwealth and their determination, in the hour of crisis to be once more true to their traditions of co-operating to the full extent of their resources in the cause of the Empire. I desire to repeat that message to-day.

The tasks that face us to-day differ from those that confronted the Empire thirteen years ago. The War has left a heritage of problems, political and economic, that need for their solution all the resources of statesmanship and all our reserve of patience, of mutual goodwill and trust. In the examination of the various important problems before us now, Prime Minister, the Conference may count upon the Indian Delegation making its full contribution.

There is one important problem which, for obvious reasons, finds no place among the agenda of this Conference. I refer, of course, to the Indian constitutional problem, the difficulties of which have without doubt been accentuated by the emotional and spiritual forces that the Great War unchained. That problem is primarily one for Great Britain and India to solve together and is to be the subject of the Round Table Conference which His Majesty's Government in Great Britain are convening next month. And yet I cannot let this occasion pass without reminding all my colleagues of the supreme urgency to the Empire of an early and satisfactory solution of this problem on courageous and statesmanlike lines. To omit all reference to it to-day would be to fail in one's duty to the King-Emperor and to the Commonwealth. We also owe it to our colleagues from the Dominions to enlighten them on the one question which, I expect, each one of them has asked himself during the last few months. Does India wish to remain within the Commonwealth? My answer, in spite of all that has happened and is happening in India, is "Yes." The Princes and subjects of the Indian States—whose interests I have the honour specially to represent here—of course retain their loyalty to the King-Emperor and attachment to the Empire undimmed. And the great bulk of the people of British India are, I venture to say, desirous at heart that their country shall occupy an honourable place in the comity of Nations that constitute the British Commonwealth. If this aspiration can be satisfied—as it is my hope and belief that it may be—the future will be full of promise. The Indian States, as you may be aware, have their own special problems requiring consideration and equitable adjustment, but there is nothing in those claims inconsistent with the desire of the Indian States to help India forward towards its promised goal as an integral part of the Empire.

The King-Emperor's gracious sympathy and solicitude for the Princes and people of India are well known to us all. His Majesty's Government in this country are happily alive to the gravity of the issues involved and are animated by a sincere and sympathetic desire to promote a settlement in conformity with legitimate Indian aspirations and with the solidarity of the Empire. May I add in conclusion that India feels confident that, in the delicate task that awaits the Round Table Conference, she may count also upon the goodwill of the Great Dominions whose freedom in unity within the Empire represents the ideal of all that is best and—despite appearances—all that is most influential in contemporary Indian politics?

APPENDIX C.

Note by Lieut.-General His Highness the Maharajah of Bikaner, G.C.S.I., G.C.I.E., G.C.V.O., G.B.E., K.C.B., A.D.C., LL.D., with reference to the discussions on the subject of Nationality and Common Status at the meeting of the Heads of Delegations at the Imperial Conference, November 1930.

I do not think that the point seriously arises here. But, as I have the privilege of representing the special interests of the Ruling Princes and States of India at the Imperial Conference, I feel it is a duty which I owe to my brother Princes and to our Indian States to make one point clear in the hope of obviating all future difficulties or misunderstandings.

The position of the Princes and States of India is not only unique in the British Empire, but I believe it would be correct to say that it is without parallel in the history of the world. The Rulers of the Indian States are proud of the position which they enjoy in the Empire in virtue of their relations with the Crown by means of Treaties of perpetual alliance and friendship and other Engagements. It is beyond dispute that the subjects of the Indian States are not British subjects, and British legislation, including that of the Government of India, does not apply to the Indian States. At the same time, for International purposes and in relations with countries outside India, the subjects of the Indian States enjoy the same benefits as if they were British or British Indian, subjects. Therefore, without going into further details relating to our Treaty relations—some points concerning which are at present the subject of discussion between the British Government and the Indian States—I merely wish to have it placed clearly on record that, whilst I have no other particular observations to make in connection with this question of Common Status for the various component parts of the British Commonwealth of Nations, my presence here, or the absence of any remarks on my part, should not be taken to imply any admission of any alteration in the Status and Nationality of the Indian States, their Rulers and their subjects—whatever they may be—by the discussion of this, or other allied Inter-Imperial subjects now before the Imperial Conference.

I think my observations might be held to be covered by the "local conditions or other special circumstances" which are dealt with in paragraph 8 (4) of the original draft conclusions of the Committee relating to Nationality and Common Status.

The Carlton Hotel,

London:

November, 1930.

(Sd.) GANGA SINGH,

Maharajah of Bikaner.

APPENDIX D.

Copy of letter, dated London, the 13th February, 1931, from the Right Honourable W. Wedgwood Benn, D.S.O., D.F.C., Secretary of State for India, to Lieut.-General His Highness the Maharajah of Bikaner.

I am much obliged to you for writing to me on the 23rd January from Marseilles and sending me a copy of a letter and memorandum which you addressed to the Prime Minister on the same date in regard to the position of Princes and their subjects, in the light of the discussion in the Imperial Conference on the questions of nationality and common status.

I have had your memorandum carefully examined by the expert authorities in the light of the conclusions of the Imperial Conference and I can inform Your Highness of a general agreement that you are right in thinking that the recommendations and conclusions reached at the Imperial Conference in no way prejudice the position or status of Princes of India or their subjects. This opinion, I hope, will remove any doubts that Your Highness may have had on the subject.

APPENDIX E.

Copy of letter, dated London, the 18th February, 1931, from the Right Honourable J. Ramsay MacDonald, Prime Minister, to Lieut.-General His Highness the Maharajah of Bikaner.

I duly received the letter which you wrote to me before you sailed from Marseilles at the end of last month, and the enclosed Note which you had prepared on the subject of the position of Princes and their subjects in the light of the discussions of the Imperial Conference on nationality and common status.

The note has been carefully considered, and I understand that Mr. Benn has now written to you endorsing your conclusion.

I trust that you had an enjoyable voyage home, and have found everything as you would wish.

APPENDIX G.

Copy of letter, dated London, the 26th November, 1930, from the Right Honourable W. Wedgwood Benn, D.S.O., D.F.C., Secretary of State for India, to Lieut.-General His Highness the Maharajah of Bikaner.

Now that the Imperial Conference is satisfactorily concluded, may I send you this line to say how very grateful I am for your cordial and untiring co-operation in our task.

Indeed, I can say that the work has been done by my colleagues, and we can all look back with pride on the part which India has played in this Imperial Conference.

I personally shall always remember it as a very happy time.

APPENDIX H.

Copy of letter, dated London, the 21st January, 1931, from the Right Honourable J. Ramsay MacDonald, Prime Minister, to Lieut.-General His Highness the Maharajah of Bikaner.

I am, I hope, just in time, before you leave England, to say how very deeply I have appreciated the opportunity of renewing contact with you during this autumn and winter. First in the Imperial Conference, and as soon as it was over in the Indian Round Table Conference, we have had the benefit of your experience and statesmanship. The Imperial Conference indeed has owed much to you before, seeing that, as long as 13 years ago, you took part in its deliberations; in fact, this year, as one of India's Representatives again, you were the doyen amongst the Representatives present from every quarter of the Empire.

It is difficult for me to express how valuable the co-operation of Your Highness has been in the proceedings of the Indian Conference. Nor will I try in the small compass of this letter to say how sensible I am of what we owe to your help. There are still many problems ahead of us, and I am confident that Your Highness will still not be backward in lending your powerful aid in continuing the work on the line which the Conference has laid down.

I do not doubt that, before the great task which has been initiated in London in the past ten weeks is completed, we shall be brought again in contact, and I look forward to that occasion. In the meantime, pray accept my most sincere good wishes.

APPENDIX I.

Copy of letter, dated London, the 21st January, 1931, from the Right Honourable W. Wedgwood Benn, D.S.O., D.F.C., Secretary of State for India, to Lieut.-General His Highness the Maharajah of Bikaner.

Before you leave England, I must convey to you what a great gratification it has been to me to have been afforded the opportunity to make your acquaintance and to establish with you relations, I hope I may say, of friendship. The prizes of a Political career are to be found, not in the office which it may be one's lot from time to time to occupy, but in the ties of personal friendship which the tenure of Office gives an opportunity to form.

And it will always be a source of peculiar gratification to me that I should have had the chance of coming to know intimately a personality so prominent in Indian affairs and one who has rendered, on many notable occasions, such great service to his country.

When I first met you, you were about to undertake the leadership of the Indian Delegation to the League of Nations Assembly at Geneva. It was the first time that the task of leading the Delegation had been shouldered by an Indian Prince; and I can think of no one more worthy of this distinction or more fitted to uphold the dignity and the traditions of his Order in this capacity. Your Highness had barely time to see the assembly conclude its Session before it became your duty to sustain the rôle of one of India's leading Representatives at the Imperial Conference. You were the first Indian Ruler to take part thirteen years ago, in the deliberations of the Imperial Conference; indeed you were the doyen of the representatives of all the various members of the British Commonwealth present at the Conference recently concluded; and I need not say of what value to India were your experience and sagacity in the proceedings of the Imperial Conference of 1930.

Hard upon the Imperial Conference followed the Indian Round Table Conference. It is not necessary for me to attempt to indicate the importance of the part you have played in this Conference. The Conference indeed is not, in the fullest sense, yet completed; and we are still too close to the picture to get the perspective required for estimating to what degree the results achieved should be attributed to the efforts of this or that delegate. But I am sure that there is no one who could fail to realise the conspicuous part played by Your Highness or be blind to the transcendent importance of the decision which you took yourself and have induced others of your brother Princes to take in choosing the path of Federation as the true road for India to follow towards the goal to which all her sons aspire for her.

I must add for my wife and myself an expression of the real sorrow with which we shall hear of your departure.

APPENDIX J.

Copy of letter, dated London, the 22nd January, 1931, from the Right Honourable The Lord Sankey, G.B.E., Lord Chancellor, to Lieut.-General His Highness the Maharajah of Bikaner.

I hope that when this letter reaches you, your own people in India will have given you the hearty welcome which you have earned so well.

Please accept my sincere thanks for the great part which you have played at the Round Table Conference. From first to last you gave us all a splendid lead. My own task as Chairman of the Federal Structure Sub-Committee would have been doubly difficult without the assistance and advice which I owe to you.

May you take back many happy memories of the colleagues with whom you worked in so great a cause; and may the future hold greater contentment and prosperity for the country whose interests we both have so much at heart.

His Highness the Maharaja of Kapurthala: Your Excellency, Your Highnesses; I rise to move a vote of thanks to my brother His Highness the Maharaja of Bikaner. His Hignness has read to us a very lucid statement regarding his work as leader of the Indian Delegation at Geneva and his work as a representative of India at the Imperial Conference in London last year. For his work in both these capacities His Highness deserves our warmest congratulations. I may say without fear of contradiction that no better representative of our Order could have been chosen as leader of the Indian Delegation at Geneva or for Membership of the Imperial Conference.

His Highness' great gifts, wide and varied experience of such international and Imperial gatherings and statesmanship filled us all with confidence in the wisdom of the selection and the distinction and success with which he has acquitted himself of his onerous task have amply justified it. At the Session of the League of Nations last year and the Imperial Conference in London problems of far-reaching complexity and importance were discussed and the statement His Highness has presented to us to-day leaves no doubt as to the important and distinguished rôle he played on both occasions.

With these few words I beg to invite the Chamber to record a vote of cordial thanks to His Highness the Maharaja of Bikaner.

His Highness the Maharaja of Patiala: Your Excellency, Your Highnesses; I am sure Your Highnesses would like me to express our sense of pride at the fact that our brother His Highness the Maharaja of Bikaner led the last Indian Delegation to the Assembly of the League of Nations and our admiration for the distinction which His Highness shed upon our Order by discharging his responsibility with such conspicuous ability.

It is our pride to realise that His Highness is a notable figure in the Empire by virtue of the fact that he has made his mark and stamped his impress upon imperial problems by his eloquence and statesmanship. It is, therefore, useless for me to refer to his powers of debate and to his gift of lucid exposition. It is a most gratifying reflection that from being an imperial figure, His Highness has established his claim by virtue of the part he played at the last Assembly of the League of Nations, to being regarded as an international figure. It is equally unnecessary for me to dilate upon his excellent narrative of the work achieved at the League of Nations.

Of his work at the Imperial Conference we have heard only that part which relates to matters that have already been made public, but in order to appreciate the importance of the work that he did in the Imperial Conference and the ability with which he performed it, Your Highnesses would have to know much more than His Highness has been at liberty to tell. The fact that so many of us were in London while the Imperial Conference was sitting enabled us to get some inkling of the inside working of the Imperial Conference, and thus to appreciate the better the value of His Highness' contribution to the solution of many problems of imperial moment. Your Highnesses can gain some idea of the foresight and statesmanlike outlook which His Highness must have brought to bear upon his responsibilities as a Member of the Imperial Conference from his efforts

at the Round Table Conference of which the printed proceedings are now in Your Highnesses' hands. I am neither presuming to pay His Highness a compliment nor, I feel sure, am I using the language of exaggeration when I say that His Highness' is a most impressive personality in any company of Imperial thinkers and statesmen whose opinions are entitled to respect and help to mould the fortunes of the British Empire, as a result of wide experience, keen insight and deep thought.

Confident as I feel that in saying all that I have said, I have expressed the thoughts which have passed through your minds while listening to our brother Maharajah of Bikaner's statement, I am fully persuaded that you would all wish to associate yourselves with me in expressing our thanks and our genuine admiration for the manner in which His Highness upheld the tradition of our Order by the capable and efficient discharge of his responsibilities whether as the leader of the Indian Delegation to the League of Nations or as one of the representatives of India to the Imperial Conference.

His Excellency the Viceroy: Unless any other of Your Highnesses desire to support the Resolution of thanks moved by His Highness the Maharaja of Kapurthala, before putting it to Your Highnesses, I should like to associate myself with it as I have been largely concerned with inducing His Highness the Maharaja of Bikaner to undertake this heavy rôle of public service this year. I should suppose that he would have heard with great gratification the testimony of His Highness the Maharaja of Kapurthala who moved the Resolution and who himself has such ample experience of the obligations and responsibilities of the work at Geneva. I think both he and His Highness the Chancellor, from the ripe store of their own past contributions in this field, were eminently well qualified as representatives of the Chamber to express what I have no doubt is Your Highnesses' own view. I think, if I may just add one word, it would be this that the reports that are made by representatives of the Chamber among others on work done at the League of Nations at Geneva, seem to me to supply a point of contact which comes all too rarely between India and the wider politics of the world. And for that reason I think Your Highnesses and certainly I think a large public outside, is coming to pay a greater and closer attention year by year to the work done at Geneva and to the part taken in that work by the representatives of India who go there. And it is for that reason that I would like to add my felicitations and thanks to His Highness the Maharajah of Bikaner for the work that he was able to do there in the last Assembly. I was extremely gratified that it was possible to meet Your Highnesses' wishes so soon after they had been expressed, as to the entrusting of the leadership of the delegation from India to one of Your Highnesses' order, and I hope for myself that that practice will become a familiar feature of the composition of the League of Nations Delegation. We shall look forward, as soon as he and his other colleagues can make it available, to the report which he will in due course furnish to the Secretary of State. I can imagine that since he concluded his business at Geneva the Maharajah of Bikaner has not been wholly unemployed and has had perhaps little spare time in which to put these matters into shape, and it is not necessary, therefore, for me to refer at this stage in any detail to the later stages of public work which have followed on the heels of Geneva. I only wish,

in two or three sentences, to associate myself most warmly with the thanks expressed to His Highness the Maharajah of Bikaner and to assure him that I, not less than any member of the Chamber, am thoroughly sensible of the sacrifices he has made in undertaking it.

May I put to Your Highnesses His Highness the Maharaja's motion?

(The resolution was carried unanimously.)

His Highness the Maharajah of Bikaner: I am deeply grateful for the extremely gracious and generous terms in which my brothers, Your Highnesses of Kapurthala and the Chancellor, have been pleased to move this vote of thanks, and to you, Your Excellency, for a similarly gracious and generous support and endorsement of the same.

His Excellency the Viceroy: I think that concludes Your Highnesses' business. We will perhaps accordingly adjourn and meet tomorrow morning at the usual time.

PROCEEDINGS OF THE FOURTH DAY.

The 19th March, 1931

The following Ruling Princes and Chiefs were present:—

Baroda.

His Highness the Maharaja of Baroda.

Central India.

His Highness the Nawab of Bhopal.
His Highness the Maharaja of Bijawar.
His Highness the Maharaja of Datia.
His Highness the Raja of Jhabua.
The Raja of Khilchipur.
His Highness the Raja of Narsingarh.
His Highness the Maharaja of Orchha.
His Highness the Maharaja of Panna.
His Highness the Raja of Rajgarh.
His Highness the Maharaja of Rewa.
The Raja of Sarila.
His Highness the Raja of Sitamau.

Rajputana.

His Highness the Maharaja of Alwar.
His Highness the Maharajah of Bikaner
His Highness the Maharaj Rana of Dholpur.
His Highness the Maharawal of Dungarpur.
His Highness the Mahara,a of Jaipur.
His Highness the Maharawal of Jaisalmer.
His Highness the Maharaj Rana of Jhalawar.
His Highness the Maharaja of Jodhpur.
His Highness the Maharao of Kotah.

Punjab States.

His Highness the Nawab of Bahawalpur.
His Highness the Maharaja of Kapurthala.
His Highness the Nawab of Maler Kotla.
His Highness the Raja of Mandi.
His Highness the Maharaja of Patiala.
His Highness the Maharaja of Sirmur.
His Highness the Raja of Suket.

Western India States.

His Highness the Maharao of Cutch.
His Highness the Maharaja of Nawanagar.
His Highness the Nawab of Palanpur.
The Thakore Saheb of Palitana.
His Highness the Maharaja of Porbandar.
His Highness the Raj Saheb of Wankaner.

Bombay.

The Nawab of Balasinor.
His Highness the Raja of Baria.
His Highness the Nawab of Cambay.
The Raja of Chhota Udepur.
The Maharana of Danta.
The Chief of Jamkhandi.
His Highness the Mir of Khairpur.
The Chief of Phaltan.
His Highness the Maharaja of Rajpipla.
The Nawab of Sachin.
His Highness the Chief of Sangli.

Bihar and Orissa.

The Maharaja of Mayurbhanj.
The Raja of Talcher.

Central Provinces.

The Raja of Korea.

Punjab.

The Raja of Baghat.
The Raja of Kalsia.

United Provinces.

His Highness the Maharaja of Benares.
His Highness the Nawab of Rampur.
His Highness the Raja of Tehri (Garhwal).

Agendum No. 8.

Resolutions moved in connection with the work accomplished at the Round Table Conference.

His Highness the Maharaja of Patiala: Your Excellency, Your Highnesses; It may with apparent reason be maintained that any speech on this resolution is unnecessary. Unnecessary any speech certainly is if it be merely a question of asking this Chamber to pass such a resolution as this, a resolution which, as we are all aware, expresses deep-rooted sentiments whole-heartedly shared by each one of its members. Those of our Order who have recently returned from England know what a joy it was to them to see in person His Majesty the King Emperor once again restored to health and able once again to take so penetrating an interest in the problems of this country.

My excuse for speaking is this. The proceedings of this Chamber are no longer a closed book to all except its Members and the Government of India. A full record of our deliberations is now available to the outside world. It is my hope then that this resolution expressing our bounden duty of loyalty and service to His Majesty may be read by two very diverse parties; that it may be read firstly by those in England who profess to believe that the necessary constitutional changes in India as envisaged by the Round Table Conference must mean the loss of India to the British Empire and secondly it may be read, too, by those in this country who hold that India should cut herself adrift from any connection with the British Empire.

Our loyalty as Allies of the British Crown demands that we hold fast to that connection; our devotion to the person of His Majesty insists on the same unfaltering adherence. Should any attempt be made by any one to translate into action the wild talk of severance from the Empire, then we ourselves would prove, true die-hards, ready to sacrifice everything for the defence of the Imperial connection. For, we hold that the only way to make the two Indias a contented part of the British Empire is to recognise that the times demand immediate and far-reaching constitutional changes at the centre, in the Provinces and in our States whereby our country may be enabled to take its proud position as a self-governing member of His Most Gracious Majesty's Dominions.

Such a view is in no way inconsistent with our loyalty, indeed true loyalty, to my mind, demands its expression.

I now move that this Chamber resolves to tender its expressions of unfaltering loyalty to the person and the Throne of the King Emperor and to record its profound gratitude to His Majesty for opening in person the Indian Round Table Conference and for maintaining close interest in its proceedings throughout the sittings of that historic gathering in which the representatives of this Chamber willingly participated in a desire to draw England and India closer together for the collective benefit of the British Empire.

His Highness the Maharaja of Nawanagar: Your Excellency, Your Highnesses; I have the honour to second the Resolution.

His Excellency the Viceroy: If none of Your Highnesses desires to speak on this Resolution I will put the Resolution which has been read by His Highness the Chancellor to the Chamber. Those in favour would please signify their assent.

(The Resolution was carried unanimously.)

His Excellency the Viceroy: I can assure Your Highnesses that it will be a great honour to me to transmit that Resolution personally to His Majesty the King Emperor.

His Highness the Maharaja of Patiala: Your Excellency, Your Highnesses; The justification of proposing this resolution is the fact that, by personal experience as a Delegate to the Round Table Conference, I can testify to the genuineness of the interest shown by the Labour, Conservative and Liberal Parties in the question of our States and their place in the future constitution of India.

Had those of our Order who attended the Round Table Conference believed a tithe of what too many newspapers asserted, we might have arrived in England with the preconceived impression that the conference was designed merely as a gigantic World-bluff and that, in consequence, no good could result from it. We may not be sages but we did not believe this.

I doubt, however, if the most sanguine of us anticipated that parliamentary opinion would be so sympathetic to our case as in fact it proved. For the first time in England, Parliament apparently had recognised the meaning of the States to any All-India polity. A serious attempt had been made by English statesmen to study the whole question and this we found to be the case not merely at the meetings of the Conference or of its Sub-Committees, but in the course of frequent private conversations with the leaders of all parties whom happily we met on terms of intimacy.

If the Round Table Conference did nothing more, it certainly led to a better understanding between the Parliamentary protagonists of England and our Order. But it did far more than that. It proved a liberal education to us. For such instruction we are grateful, and we trust that the statesmen of England also learnt certain lessons from us.

At all events, we feel that we both see each other's point of view better than we did and better realise what is a sane imperial point of view.

It is then, I hold, our duty and our privilege to make every effort to bring about generally a better understanding between India and England, so that harmonious relations may again be established between the two countries. Such a restoration of goodwill is, I am convinced, all to the benefit of this temporarily unhappy country. That it is to the personal benefit of our Order needs no stress from me.

We mean business, we have found that each parliamentary party in England means business, so let us get on with the business, as I am sure the statesmen of England are only too anxious to do for their part.

It is a pleasure to think that shortly we may expect the arrival in this country of important representatives of each of the three parties. To them we extend our greetings and our gratitude to Parliament which is sending them out to help us.

With these words it is a pleasure to me to propose that

> "This Chamber resolves to convey to His Majesty's Government and the Great Parliamentary parties of Britain its lively appreciation of the warm interest shown by them all during the sittings of the Indian Round Table Conference in securing for the Indian States their rightful place in the future Constitution of the Government of India, and further convey the cordial assurance that the members of this Chamber will spare

no efforts to facilitate the harmony of relations between England and India and the respect of the two countries for each other".

His Highness the Maharaja of Jodhpur: Your Excellency, Your Highnesses; I second the Resolution.

His Highness the Chief of Sangli: Your Excellency; Your Highnesses: I rise to support the resolution, which is now before the House, which has been moved by His Highness the Chancellor and seconded by His Highness of Jodhpur. The Resolution expresses this Chamber's lively appreciation of the warm interest shown by His Majesty's Government and the Great Parliamentary Parties of Britain in securing for the Indian States their rightful place in the future constitution of the Government of India, when the Indian Round Table Conference held its sittings in London.

For the first time in the history of this country did the representatives of the Indian States, along with those of British India, meet His Majesty's Government and the representatives of the Great Parliamentary Parties of Britain. This unique meeting took place at a Round Table, and its object was to reach the greatest common measure of agreement regarding the future political constitution of India. The world has not witnessed an attempt which can compare to the Round Table Conference, to settle the problems of the future relationship between two countries one of which represents the greatest Empire on the earth and the other about one-fifth of total humanity. The difficulties in the way of the Conference were tremendous. It has still been able to produce material of the highest value for use in the framing of a constitution for our country embodying a substantial measure of agreement on the main ground-plan and many helpful indications of the points of detail to be further pursued. This has been a great and magnificent result. It was rendered possible by the fact that His Majesty's Government and the Great Parliamentary Parties of Britain were animated by the spirit of good-will, sympathy and co-operation in the best interests of India and the Empire. Throughout the deliberations of the Conference the Indian Members of the Round Table Conference were met by their British colleagues on terms of hospitable equality. They showed a readiness to appreciate the point of view of the Indians, a desire to understand their difficulties, and an eagerness to meet their aspirations, which gladdened their hearts and inspired them with gratitude. Whether the work of the Round Table Conference yields the fruit that we all wish and pray it does, and I for my part am optimistic about it, of one thing we are certain, namely, that they all showed warm interest in securing for the Indian States their rightful place in the future constitution of the Government of India. The smaller States too had their legitimate share of this interest. Some of us may perhaps apprehend that when the States and the Provinces of British India met like two surging crowds, the smaller States who are like little brothers by the side of their bigger brothers of the larger States, were perhaps knocked down and trampled upon. But you are now aware that although there was that danger, the smaller States have emerged safe without receiving any harm at the meeting. So the interest of His Majesty's Government and the Great Parliamentary Parties of Britain extended to the whole body of States.

With these words I support this resolution.

His Excellency the Viceroy: Your Highnesses have heard the Resolution. May I ask you to signify your support of the same if that is your desire.

(The Resolution was carried unanimously.)

His Highness the Maharaja of Sirmur: Your Excellency, Your Highnesses; It is my pleasant duty to move the following resolution:—

> "This Chamber places on record its high appreciation of the single-minded devotion and statesmanlike ability with which the representatives of the States—both Rulers and Ministers—represented the States at the Conference; and supports in principle the scheme outlined at the Round Table Conference, which while laying the foundation of a greater India aims at securing to all parties in the country their legitimate and cherished rights beyond risk of future encroachment".

I hope I voice the feelings of this House in paying this little tribute to those selected members of our Order and Ministers who at great sacrifice of personal convenience took part in the deliberations of the Conference at this momentous occasion, under the able guidance of our Chancellor. The chorus of praise bestowed on their work by the highest authorities in England and India, in speeches made from time to time, has been such as to require no further proof of their wisdom and foresight. Their contribution is credited not only with having opened the vision and cheered the hearts of the Members of the Round Table Conference but also with having opened up the way to a really united India.

Your Highnesses, this is by no means a small achievement on the part of our delegation and to my mind it has been secured without any commitment affecting your internal severeignty and your treaty rights or surrendering of any of your vested interest. The scheme to which our representatives have lent their support is only an outline of the style of architecture which the constitution will adopt. The whole picture has yet to be drawn and many details have to be filled in. It will, therefore, be premature to discuss the merits or demerits of the scheme.

The object of this resolution is to formally appreciate the work of our representatives and to unreservedly thank them for their statesmanship and devotion to duty in safeguarding the interest of our Order; and to give them the weight of our full support so as to strengthen their hands in carrying on further negotiations. Your Highnesses, I am sure, will agree that this is their legitimate due.

With these few remarks I ask the House to adopt this Resolution.

The Raja of Korea: Your Excellency, Your Highnesses; We have all heard with great pleasure and with great interest the illuminating and forcible speech which His Highness the Chancellor delivered on the first day of our meeting and today in the course of the first two Resolutions in regard to the work achieved by the Delegates at the Round Table Conference and we have also heard just at present from the speech of His Highness the Maharaja of Sirmur what has been done and how it

may benefit us if we adopt the scheme. The subject of this Resolution has already been fully and clearly stated in the speech of His Highness of Sirmur and I do not think I will expatiate upon it at any great length. Besides, I feel that the present moment is not the time when we might discuss the details of this scheme. In order that we should feel justified in giving our approval to the negotiations in the Round Table Conference for evolving a scheme of Federation, it is just and proper that we should know what the term "Federation" ordinarily and usually connotes and how, if adopted, it may affect the future political life of India.

Your Highnesses are well aware that the salient and essential features of a Federal form of Government are broadly speaking, a Federal Council —the House of Representatives—and a Federal Court. Your Highnesses know very well that the Upper House—I mean the Federal Council—is to be an association of members, representing the constituent States *qua* States and the House of Representatives—a body of members representing the people of States as a nation. Of course, the Federal Court will be a judicial machinery to interpret and safeguard the constitution and adjudicate upon constitutional disputes and generally protect the rights and claims of the States against each other and the Federal Government. It will be the business of the constitution to define the mechanism of the Federal institutions, to state their scope and their powers and also to prescribe the respective limits of Federal subjects and the internal reserve subjects. It is reasonable to suppose that, as a result of the discussions at the Round Table Conference, the various rights and claims represented therein will be satisfactorily reconciled and harmonised. So far as the case of the Indian Princes and Chiefs is concerned, it will mean the maintenance of their internal sovereignty, subject, of course, to the assumption by the Federal Council of such subjects of common and all-India concern as are by mutual consent classed as Federal, and it will also mean a satisfactory adjustment of the fiscal claims of the States, and above all it will mean an indissoluble connection with the British Empire under the ægis of the British Crown. (Hear, hear.) It is not my purpose here at present to go into the details of the franchise, the constitution of the Federal bodies and particularly the powers, Legislative and Executive, of the Upper House, as these two will be largely matters to be threshed out and negotiated in the Conference. But I may observe that in order that the scheme may prove itself acceptable and commend itself to general and unanimous acceptance, it is eminently necessary that all the interests and claims, major and minor, should have their due and proper voice in the future polity of India. (Hear, hear.) In order that the decisions of the Federal Bodies should be representative of the genuine and effective wish of the constituencies, an acute and dispassionate judgment will have to be brought to bear on the problems of representation and election of the States in the Houses. Speaking on behalf of one of the representative groups of States, I venture to observe—and I hope in what I say I will have the support of most of my brethren here—that the present scheme of representation of the smaller group of States hardly does justice to the legitimate claims which they represent, the population they represent and the area and resources they represent. If an analogous model is adopted for determining the measure of the representation that the smaller States ought to have in the Federal scheme, I beg respectfully to say that there will be a perpetuation of the present unfortunate anomaly, and not only this but it will be implanting that anomaly in a field where

it will have administrative consequences of far-reaching importance, and where it will constantly operate to the detriment of the small federating States. Should however the scheme that is eventually evolved prove contrary to the legitimate and reasonable expectations of the smaller group of States, these States will have great hesitation in giving their support to the scheme of Federation. The recent decision of Your Excellency in conferring a permanent membership on a distinguished member of a representative group has been a source of great encouragement to us, and we feel sure that the high sense of justice and liberality shown in this decision will also be focussed on the problems relating to the claims of other smaller States in regard to their representation in the Federal bodies. In conclusion I beg to say that, provided the necessary safeguards and guarantees are satisfactorily agreed upon, the scheme of Federation should prove acceptable and welcome to everybody who has the interests of the States, India, England and the British Empire at heart. The States will be doing an inestimable service to the cause of United India by taking an active share in the efforts that will shortly be made at the Round Table Conference in welding the various political elements in India into one united federal organism. Lastly, we earnestly hope that the high sense of duty, ability, and statesmanship that has characterised the conduct of the Indian States' Delegation will lead to their efforts being crowned with signal success and will give us—the States—cause for feeling proud of this our monumental contribution to the cause of United India. With these words I beg to support the Resolution moved by His Highness of Sirmur and associate myself with him in asking the House to record its high sense of appreciation of the invaluable services rendered by the Indian States Delegation, and in accepting the principle and the scheme of Federation as outlined at the Round Table Conference.

His Highness the Maharaja of Rewa: Your Excellency, Your Highnesses; When the Round Table Conference was being held in London, in the last winter, it was made known that the Indian States, as a body, saw no objection to a fusion with British India, subject to proper safeguards. There are amongst us such, who would advise a cautious advance in regard to this great problem more specially in view of its implications and difficulties. Much of a feeling of unwillingness to commit the States to any particular scheme is, however, due to the great incompleteness of the picture which makes it difficult yet to recognise the figure on the canvas. We all realise that a great deal yet remains to be done in the way of providing those details which, without in any way injuring the rights and position of States, will harmonise their interests with those of British India. That a huge experiment in political evolution is being made—greater than any, which has been attempted in modern history—no one will deny. That the magnitude of the task should give rise to a desire to urge caution and care is perhaps only natural. All of us are, however, advised that if the work begun in London goes through, it is likely to bring peace and contentment. We have accordingly decided to pursue our efforts towards evolving a constitution for India in which the Indian States and British India will find their proper places, consistently with the great principles of mutual sympathy and tolerance. We have agreed to the principle of some sort of fusion with British India. In what form of constitution, such a fusion is possible, yet remains to be seen. Until complete details are supplied any name by which a proposed constitution may be known cannot, in the nature of things, connote anything

more than its dictionary meaning. A great man has recently reminded us to judge of a tree by its fruit. But as far as the intention to find out a constitution, whereby the Indian States and British India can permanently live and let live, goes, there can be absolutely no doubt about our determination to explore all possible means, whereby that ideal can be achieved. The main work still remains to be done, that is, to arrive at some definite provisions which shall guarantee a sense of peace and security to all the parties concerned and shall preserve unimpaired, those cherished traditions of loyalty and devotion to the Crown, of which every member of this Chamber has always been and shall always be a proud champion. It is, however, yet too early to express any hope or fear about the success which may attend the representatives of this Chamber in their great task.

With these remarks, Your Excellency, I beg to associate myself with what has just fallen from my brother His Highness of Sirmur.

His Highness the Chief of Sangli: Your Excellency, Your Highnesses; I rise to support the Resolution, which is now before the House, in regard to that part of it which expresses this Chamber's support in principle of the scheme outlined at the Round Table Conference. In view of the fact that the subject has been dealt with by Their Highnesses who have preceded me on the Resolution, I shall be very brief in supporting this resolution. As a member of the Indian States Delegation to the Round Table Conference, I represented the States in general like my other colleagues but I was also specially charged by His Excellency the Viceroy with the duty of giving expression to the point of view of the smaller States, that is to say, States having comparatively limited resources. The essential features of these States are the same as those of the other States. They are not British territory. Their subjects are not British subjects, and they are not governed by the law of British India. The British Crown is responsible for their external relations and territorial integrity. They manage their internal affairs and maintain troops or police forces, except the very small estates and jagirs. Their rights, and indeed their interests, are identical with those of the rest of the States. Hence, generally speaking, there is no reason why the methods of All-India co-operation, which will suit the larger States, may not also suit those with limited resources.

When on the conclusion of the session of the Round Table Conference in London I returned to India, I drew up a Memorandum in which I sketched the position of the smaller States in regard to the All-India Federation proposed at the Conference. I did this in response to the appeal made by the Prime Minister to the Members of the Round Table Conference to explain the work so far achieved by the Conference with a view to pursue the work on the lines agreed to by the Conference. I have already circulated the Memorandum to all the Rulers with the exception of the few who are Rulers of the larger States. Before I came here, I also held a meeting in Bombay on the third of this month with a view to secure exchange of opinion among the Rulers of the smaller States on the points affecting them. The meeting was actually attended by Rulers or their representatives hailing from 26 States. You will be interested to know that Rulers of 13 out of the 26 States are Members of this Chamber in their own right, and the Ruler of one is a Representative Member, and that Rulers

of four of the States are represented here by Representatives Members, while Rulers of eight States belong to the third Class. One of the resolutions which was passed at the meeting is as follows:—

> "Without committing any individual State to any final course of action, this meeting is of the opinion that it would be advisable, under the circumstances that have arisen, for the Indian States under all categories to join an All-India Federation and participate in the political ideal of a United India, provided a scheme satisfactory both from the financial and from the political point of view to all the interests concerned and with adequate safeguards and suitable representation for all, is finally evolved."

It will thus be seen that the smaller States will be as ready as any other States to support in principle the scheme outlined at the Round Table Conference.

With these words I support the concluding portion of the resolution before the House.

His Highness the Raja of Mandi: Your Excellency, Your Highnesses; It is hardly necessary for me to say anything when such able speakers have spoken before me, but I should still like to associate myself whole-heartedly with the Resolution which has been so ably moved by my Brother His Highness the Maharaja of Sirmur. With these words I beg to support it.

His Excellency the Viceroy: If no other of Your Highnesses desire to address the Chamber on this Resolution, before putting it to the Chamber, I would like to add half a dozen words myself by way of congratulating the Chamber if I may upon the form in which they have seen fit to bring this matter before themselves, and in doing so I should like particularly to congratulate the speakers that they chose to present the Resolution. I think that the mover and seconder are particularly to be congratulated on their speeches and I am sure that on behalf of the whole Chamber I may tell them with great certainty that the more often they intervene in the Chamber debates the better will the Chamber be pleased. It was emphasized by all speakers and very clearly so by His Highness of Rewa—what indeed was self-evident to us all—that, while in all quarters there is a gratifying desire to welcome the work that has already been done in London and to strengthen the hands of those who will be charged with further negotiations to pursue that work, at the same time there is a great deal more work to be done—to employ the usual phrase—to complete the final picture by filling in details, and I think, if I may say so, that Your Highnesses are both well-advised and entirely reasonable in claiming that it is not right and proper to pronounce judgment on the Federal scheme before it is sufficiently outlined in detail for you to pronounce a final decision upon it. Indeed in taking that attitude you are merely taking the attitude of one of the great political parties in England and that attitude will in no sense debar you from making on behalf of the States the vast constitutional contribution which you can to complete the picture to which you have given today your general allegiance. I can only hope and indeed I feel certain that every State and every Ruler of a State who considers these great constitutional questions will constantly endeavour to consider them not only from the point of view of his own State but will, having all regard to the interests and just rights of which he is the custodian, also constantly seek to place before his eyes and mind the views

and vision of the wider India that all this work is intended to subserve. There can be no doubt that the Representatives of Your Highness' Order and those associated with them in the Indian States' Delegation in London have laid the whole of India under a very deep debt of gratitude by having brought the ideal of Federation forward into the field of practical politics, and it is therefore on that ground that I am sure Your Highnesses ought to be congratulated in bringing this Resolution before the Chamber. It is very true I think, as the Raja Sahib of Korea has said, that one of the most difficult questions that awaits Your Highnesses' consideration will be the question of the representation of the smaller States. This is not the occasion or perhaps the place in which to enter on the subject in detail, but I can only assure Your Highnesses on that subject that any help that it may be in my power or in the power of the Government of India to lend to Your Highnesses now or hereafter in assisting you to work out the details of the scheme upon which the success of the general plan will eventually so largely depend, will always be freely placed at your disposal.

I will now read if I may to the Chamber the Resolution that has been moved, seconded and supported:

> "That this Chamber places on record its high appreciation of the single-minded devotion and statesmanlike ability with which the representatives of the States—both Rulers and Ministers—represented the States at the Conference; and supports in principle the scheme outlined at the Round Table Conference, which while laying the foundation of a greater India aims at securing to all parties in the country their legitimate and cherished rights beyond risk of future encroachment."

(The Resolution was carried unanimously.)

His Highness the Maharaj Rana of Dholpur: When working out the essential details of a scheme for the evolution of a greater India, in which our States may take their place, it is essential and incumbent upon us to put due regard to the varied, particular and peculiar interests of those States. Any scheme which may eventually be worked out will affect us, and no less our people. It is therefore absolutely necessary to closely scrutinise the avenues of advance and make sure that our vital interests are in no way irretrievably sacrificed.

Admittedly unless most of the component parts of Indian India join with the rest of India in the new form of future constitution, Federation in this country is likely to be of little immediate practical value.

Some of us believe in the idea of Federation, others possibly welcome it as a matter of policy, but whether it be faith or opportunism which prompts us, it is obviously to the great interests of our States now and more so in the future that we assist to the utmost in elaborating the details of the scheme sketched out in St. James's Palace, in a way, and in order that no room be left for questions and those that will be partners in it may enter it without any lurking suspicion at the back of their minds. If the work is carried on with these ideals in view, I feel convinced that the results will be successful and what is more, lasting.

To do this effectively it is essential that members of our Order together with the nominees where necessary, be associated with all committees and other bodies that may be constituted to examine the questions which the Round Table Conference has left unsettled or any new questions that may arise in the course of future discussion.

If our States eventually become members of the Great Scheme of Greater India, it is only proper that they should have some voice in its fashioning and the chance to mould it nearer to their hearts' desires.

To me the justice of this consideration is so obvious that I feel, such a resolution as I am now sponsoring may appear to some unnecessary. Of a certainty the Government of England recognises the need for the representatives of the States being associated with all committees and bodies whose duties it will be to work out in detail the scheme for a United India. Yet in my opinion the resolution is necessary because it is only right that we pledge ourselves to help the scheme to the best of our ability, and this we can only do provided we are closely associated with every particular question that may arise in committees while the scheme is being wrought into its shape.

I hope, therefore that with sagacious foresight and under the kindly guidance of Providence our representatives may earn their rightful place on the merits of their achievements in the hearts of our countrymen and those of Great Britain now and be remembered in the future as some of the noblest sons of the country of their birth and sincere friends of the 'old Island'—where not long ago, we received such genuine kindness and hospitality from her people, which made our stay pleasant and possible in those many coloured fogs which I am sure without official invitation religiously attended the Round Table.

With the peculiar position of our untarnished attachment to the Person and Throne of His Majesty our contribution in its final shaping, will I am sure help to consolidate those ties of friendship between the two great peoples, which will prove of inestimable value to both and the Empire.

With these few words I move the resolution which runs as follows:

> "This Chamber authorises its representatives further to carry on discussions and negotiations with due regard to the interests of the States and subject to the final confirmation and ratification by the Chamber and each individual State."

His Highness the Maharaja of Kapurthala: At the outset of my speech I wish to pay a cordial tribute to the work of the Princes and Ministers who formed the Indian States Delegation at the Round Table Conference in London. It is a matter for genuine gratification that our Order and our States were so ably and efficiently represented at that historic gathering and that our case was presented with such marked success. I have been following with close interest the progress of the momentous discussions with the course of which I was also kept in touch by one of my Ministers Sardar Jermani Das who was in London as an Adviser to the Indian States Delegation. The resolution to which we are invited to accord our support and assent today involves the acceptance of a political doctrine of supreme importance not only to the Indian States but to the whole of India and the Empire. The present position is this. The Indian States and British India are two separate political entities. The Indian States have no voice in the determination of policy regarding matters of common concern. In such matters the Indian States have to register the decisions of British India. The exigencies of the larger unit are more often than not apt to overshadow the interests of the Indian States. Would the continuance of this system be a feasible and practicable proposition in the changed circumstances of the future?

Would it lead to the removal of the old standing grievance of the States that the matters of common interest are decided without their consultation and consent? Lastly, would our isolated existence be calculated to promote the best interests of the Indian States and of India as a whole and would it accelerate or retard the achievement of India's destined place in the British Commonwealth of Nations? These are the questions that arise in considering the problem we are discussing to-day. The federal idea is no new and unfamiliar political conception. Federal Constitutions exist in several parts of the World. *A propos* of India the idea was first officially adumbrated in what is known as the Montagu-Chelmsford report. Only recently the Simon Commission in their report envisaged the possibility of such a constitutional development in this country.

The provisional acceptance of the principle of federation by the Indian States Delegation need cause us no alarm or perturbation. Of course it would not be prudent to commit ourselves irrevocably to any scheme until the whole picture is completed, until the details are fully worked out and mature reflection dictates our approval. We must acknowledge the patent fact that the Indian States Delegation is assenting to the principle of federation made their position and that of the States in general definitely clear. They stipulated that their acceptance was subject to the provision of guarantees regarding the integrity of the States, treaty obligations, rights and prerogatives of Members of our Order, the vesting of power of decision in the Crown in personal and dynastic affairs and discretion of each individual State to enter or to refuse to enter the proposed federation.

It must be remembered that if India is to acquire its destined place in the British Commonwealth of Nations federation seems the only possible and practicable scheme. If the States are to be in a position effectively to influence the formulation of policy in All-India matters federation on a sound basis is the only possible medium. If the States aim at making their contribution towards the evolution of India as a whole no other scheme is likely to offer similar opportunities. If India is to secure maximum prestige and influence in international councils some sort of political combination between the two halves of the country would be a paramount necessity.

In these circumstances we should have no hesitation in generally endorsing the attitude of our representatives at the Conference towards the proposed scheme of federation. With these words I cordially support the resolution.

His Highness the Raja of Sitamau: Your Excellency; Your Highnesses; It is with great pleasure that I rise to support this important resolution moved by His Highness of Dholpur.

The representative of this Chamber will, I fully trust, carry on further negotiations so as to adequately safeguard every interest of the States. I, however, desire to emphasise that they will give their most serious and careful consideration to this very important question of representation of States in both the Federal Legislatures and do their level best to impress upon the parties at the conference the desirability of raising the strength of both the Chambers so that when the seats, allotted to the States, are distributed, all the States, big and small, will have every reason to be

satisfied. If a satisfactory solution of this complicated problem be eventually found out, the desired co-operation of the majority of the States will, I hope, be assured.

With these remarks, I heartily associate myself with the resolution now before the House.

His Highness the Maharaja of Alwar: The agenda of the Chamber this year has been even more frolicsome than in previous years. Important resolutions regarding federation were framed and concocted less than a week ago and for any one who has not had the privilege of being at the informal meetings it is difficult to follow at what time and day any particular resolution is coming forward. It reminds me of an occasion when a gentleman asked leave of a Viceroy for a week-end, and at the special request of his host he sent a message saying, 'Would he mind giving him one more day in order that he may fulfil a particular object?' The Viceroy's answer was very short and sweet. He said, 'By all means stay one more day provided your next week-end is not from Tuesday to Tuesday.' So long as a week is not squeezed next time into one hour, we shall be able to pay some consideration to such important matters as are before the Chamber. I am making no barges, or charges against any particular person or any one at all. I find myself in a certain transitory state of embarrassment, because I do not know exactly on what resolution to speak a few words regarding the federation scheme. I notice that His Highness of Rewa started speaking with regard to the federation scheme, on the third resolution. His Highness was one of the distinguished delegates at the Round Table Conference. The third resolution in its first stage refers to the gratitude expressed to the delegation and its members. The second part refers to a scheme being outlined laying down the foundations of a greater India and so forth. The first part was a vote of thanks, and I was hesitating whether I should speak on that, being a member of the delegation myself. My mind was definitely made up that I should not speak, although every member of the delegation who is present here, when the resolution was put to the vote, lifted up his hands in support of gratitude to himself.

I have particularly chosen the opportunity to come after His Highness the Maharaj Rana of Dholpur. His Highness knows how much I enjoy the opportunities he so seldom gives us of hearing his stentorian voice. Many things that are said, or have been said, about the federation and the fears that lie ahead, I feel, are entirely surmounted by the actual reading of the words of this federation Resolution, because it explicitly states that the Chamber "authorises its representatives" whomever it chooses to suggest to the Viceroy probably after tomorrow, "further to carry on discussions and negotiations with due regard to the interests of the States and subject to the final confirmation and ratification by the Chamber and each individual State". I cannot see how any embarrassment can lie in the mind of anyone in really delegating to members of their own Order the authority to assist in a scheme being worked out, I will follow His Excellency's time-worn phrase now, to fill in the picture with the details. Surely whatever blunders or mistakes the Delegation that went this time made, or whatever may not be in accordance with Your Highnesses' wishes when the Delegation goes subsequently, those who are fortunate enough to enjoy the amenities of another London winter, will be able to decide something for Your Highnesses' own Order, but not definitely. They will come back, according

to this Resolution, and place it before Your Highnesses, so that you will be able to judge whether you accept their proposal or not, and you will then be able to criticise fully and each State will be able to criticise the proposal before actually accepting the federation scheme. But what is the federation scheme? What have the members said who have supported the federation scheme in England? We support federation of British India and the Indian States in a general structure which I described, and which I hope will eventually come to fructify, as the United States of India. But what did we say? We said we are coming into the federation because we gladly support the idea of advancing the progress of British India; and if that depends to any extent on the Indian States joining hands, then we gladly join hands provided it is realised that we also by joining hands do not sacrifice our traditional and hereditary interests.

I do not wish to take up Your Highnesses' time very much. I believe during this session you have created a record of collecting as many as 67 members, which so far as I remember is certainly almost a record assembly, which is fitting for the distinguished occasion, but you have also created another record of finishing your deliberations, and this is only hearsay, in something like 10 minutes at one sitting.

Now before I proceed further regarding the question of federation, on which subject I propose to end what I have to say, I wish to speak to Your Highnesses, I hope in less than one minute, about the reasons of my presence here, if you will forgive me for making a personal reference. The reason is, Your Highnesses, that a dacoity has been committed in my State. Here is the dacoit (pointing to His Highness the Nawab of Rampur), and this is the one whom he has captured and whom he has brought here by force. I do not know what code applies on this subject in the Province of Delhi, but I believe the situation comes under a different code—at least under the code that our tradition teaches. When a friend firmly and strongly presses and finally compels you to do something, you relent. It is etiquette to comply with his wishes. And now I am sure Your Highnesses will want to know the cause of my absence. I will speak in still fewer words. It was due to ordinances which I imposed upon myself. With a short act, something similar to what His Excellency has done in regard to his ordinances, I have repealed all those ordinances,—by the act of being present in Your Highnesses' distinguished company.

Coming back to federation, I think it was mainly due to the Viceroy of India, one is a she and one a he. The Viceroy of India started this scheme, as is known from the Government of India Despatch, but the other 'Viceroy of India' the ship, both going and coming back, assisted in the mutual deliberations which helped British Indian and Indian States representatives who were on the ship to arrive at common agreements on certain basic principles. Therefore we were able to go forward which perhaps we should not have found ourselves capable of doing, had this happy incident not been the main cause. But the Viceroy of India also has very strongly, as he has emphasised this morning, supported this scheme of federation, and though he may have been surprised at the sudden attitude that was adopted in the Round Table Conference, nevertheless it is very encouraging to feel that His Excellency supports our line of action, and not only supports it but has wished it God-speed.

Now so far as the conditions of this federation scheme are concerned, about which there may be some embarrassment in the minds of certain Princes and Chiefs, I have already stated that this question will come up before the Chamber for ratification. But in joining hands with British India, while we are prepared to sacrifice many things that we cherish most near and dear to our hearts, the main condition is that we shall still be able to maintain the position of the Indian States, as has been described in the treaties, and has been supported ever since by many sovereigns and Viceroys. It is indeed a complicated question how to fit one thing into the other, but that will be the business of the Delegation who will be going to England to attend the Federal Structure Committee to fill in the details.

There are certain people who want to impose conditions and say 'Well your systems of governments must coincide with the system of government in British India'. I do not think that is a necessary corollary for federation, any more than that British India should follow the systems of Indian States based on the ancient Hindu Rajaniti law and customs or on Mohammadan systems. I believe the federation scheme for the good of the whole would not advance very far if such conditions were the necessary corollary to the working out of the scheme. But I do not believe that the whole of India wants it. I believe that the interests of our motherland are far greater and far higher than any such condition that may be proposed by one or the other. His Excellency in one of his speeches mentioned that it will be necessary for the administrations of the States to be brought up to the standard of modern governments. That included a large circle and gave plenty of scope, because there are some modern governments which are despotic, autocratic, bureaucratic, democratic, plutocratic, socialistic and even bolshevistic. Modern ideas of the ideal government are according to individual fancies, but what the world demands is good Government, by whatever phrase it may be described; it is good government, I understand, that was at the back of the mind of His Excellency when he said those words.

I believe no Member of our Order, no one in British India, no one in Indian States will deny that this is an ideal that is not apparent today, that is an ideal that has existed from the time the Rulers and the Ruled existed and therefore I whole-heartedly support what His Excellency has said that one of the most important things when this Federation scheme comes, when the search-light comes very fiercely, more fiercely still on our Administration, that good Government will be the necessary condition in all the States. I do not think anybody can deny it, that in fact we whole-heartedly support it—indeed we should not be worthy Rulers if we did not do so. But the Federation scheme must not hedge the Indian States into any particular channels and therefore I conclude my statement with the remark that Your Highnesses need not be embarrassed or need not have any great fears on the scheme that has been worked out, because it will be in Your Highnesses' hands to elect tomorrow at least seven who will go for working out this scheme and the rest presumably—but I do not know—His Excellency will choose as he did last time. But when you have placed that trust I hope that that trust will not be betrayed and when next time Your Highnesses have studied the scheme and have found that you can support it, that you will not delay matters in order that our Motherland, India, may achieve her goal for which the whole of India unitedly aspires in order to bring forward here a truly United States of India.

His Highness the Chief of Sangli: Your Excellency, Your Highnesses; I have much pleasure in supporting the resolution which is now before the House. So far only a broad outline of the proposed Federation has been evolved, and the details have yet to be worked up. Unless, therefore, discussions and negotiations can be carried on, we shall stand where we are and shall be making no progress with regard to the great idea of federation. We, therefore, want our representatives to discuss and negotiate for us the terms and conditions on which we may be called upon to come into the Federation. We need not be afraid that such a course will prejudice our interests. We reserve to ourselves complete freedom to join or not to join the Federation and so long as we do so, our interests need not suffer. I, therefore, hope that we shall pass the resolution now before the House.

His Excellency the Viceroy: I will now put to the Chamber the Resolution moved by His Highness of Dholpur which reads that:

> "This Chamber authorises its representatives further to carry on discussions and negotiations with due regard to the interests of the States and subject to the final confirmation and ratification by the Chamber and each individual State."

Those in favour of this Resolution will please signify the same.

(The Resolution was carried unanimously.)

His Highness the Maharaja of Patiala: Your Excellency, Your Highnesses; In one sense this resolution may be deemed to be superfluous. Your Excellency personally does not need the expression of this Chamber's appreciation of the good fight fought by you as the protagonist of India's cause nor compliments on your lively sympathy with this country's natural aspirations. But, I can conceive of no other consideration which does not justify the resolution I shall shortly propose.

Here is one complete justification.

Your Excellency is the friend not merely of this Chamber but of every member of the Chamber present here today. Whatever our foibles and shortcomings, you, Sir, have won our hearts by innate kindliness and tact, by courteous patience and sweet reasonableness.

Individually each one of us grows angry when Your Excellency our friend is attacked, when little minds perhaps from envy of a greatness of heart to which they never can aspire, misinterpret Your Excellency's motives and assail Your Excellency's honesty of purpose. You, Sir, are too big a man to need our championing; yet we Princes each in our own way cast the lies of your detractors in their teeth. Let us now do the same as a Chamber collectively.

No resolution of this Chamber is binding on any individual State unless the Ruler of that State accepts it for his own dominions. How unnecessary any such regulation would be, were all our resolutions as uncontentious as this must be! Our critics sometimes aver that we have no right to speak on behalf of our States. I doubt if the most self-satisfied of them would deny our right to do so on this occasion. Of a surety, we speak for our States today and hence this resolution may be held to be not merely a resolution of this Chamber but one which in a few minutes will be passed by acclamation of Indian India. Further, Sir, this resolution anticipates the verdict of History tomorrow, a verdict which future

generations can never question, be the historians as carpingly scientific as they like.

It is perhaps wandering from the set terms of the resolution to say what Your Excellency has done for our Order as a whole. It is enough to say that at the end of this Viceroyalty this Chamber is quite a different entity to what it was at the beginning. This is the last occasion on which Your Excellency will preside at a sitting of this Chamber so we tender a collective good-bye with regrets that the best of friends must part, but we trust that as individuals we may meet Your Excellency in England or in this country on many a future occasion.

Whatever his creed, there is none of us who does not pray to Providence that Your Excellency may live for many years and may be granted the reward of seeing how each of those years vindicates increasingly the sagacity and humanity with which India's aspirations have been treated during this historic Viceroyalty now so soon to close.

I now propose that in bidding His Excellency Lord Irwin goodbye:

> "This Chamber resolves to place on record its sense of the deep obligation which India owes to His Excellency Lord Irwin for his vivid sympathy with the country's natural aspiration and for the statesmanlike espousal of the country's cause in face of many difficulties which at times seemed insuperable, whereby, in the opinion of this Chamber, His Excellency has rendered signal service to India, England, and to the whole of the British Empire."

His Highness the Nawab of Cambay: Your Excellency, Your Highnesses; I have great pleasure in rising to second the resolution moved in such apt and appropriate terms by His Highness the Chancellor. His Excellency Lord Irwin has steered the bark of the country's cause with signal ability and India will ever remain grateful to His Excellency for his sympathetic and statesmanlike support of those aspirations with which India as a whole is now pulsating. The work of Lord Irwin in this direction is writ large in the hearts of our countrymen and few words are therefore needed from me to support a resolution which this Chamber will, I feel sure, be unanimous in approving. Your Excellency and Your Highnesses, the resolution before us places the seal of approbation on the obligation which this Chamber along with the rest of the country owes to His Excellency.

His Highness the Chief of Sangli: Your Excellency, Your Highnesses: I esteem it a privilege to be able to give my whole-hearted support to the Resolution which His Highness the Chancellor has moved and His Highness of Cambay has seconded in regard to our sense of the deep obligation which India owes to His Excellency Lord Irwin for his vivid sympathy for this country's natural aspirations and for the statesmanlike espousal of its cause in face of many difficulties which at times seemed insuperable, whereby, in the opinion of this Chamber, His Excellency has rendered signal service to India, England and to the whole of the British Empire. In support of the Resolution passed by this Chamber on the 22nd November 1926, welcoming His Excellency on the occasion when he first presided over its deliberations, I

had occasion to observe that the term of His Excellency's Viceroyalty synchronised with an important stage in the constitutional development of our country and promised to be one of the most momentous in its history. Little perhaps could any one conceive at the moment, little at any rate did I myself conceive, the intensity of the political activity which has marked these five years. These have been days when the people of this vast country have been more deeply stirred by the matters in issue than perhaps at any time in the past. Political feelings have reached the highest watermark that living men can remember, and even misunderstanding and mistrust have had their maximum play in the tide that we have beheld. Opinion in Great Britain seemed to be puzzled about the true significance of the feelings which were agitating the country from one end to the other. It was at this critical moment that His Excellency recognised the supreme importance of a perfect understanding between Great Britain and India. His Excellency fully realised—and he was the first Viceroy to have realised —the true character, seriousness and strength of the nationalist movement in this country. This was because His Excellency has been in India, not as an Englishman among Indians. but as a man amongst men, a man who was animated by the ideal of securing harmonious relations between the great civilizations of the west and the east and thereby ensuring the endurance and stability of the human race itself, a man whose vision has been entranced by the picture of India spontaneously and gladly claiming the privilege of an equal partnership in the British Commonwealth of Nations, a man than whom India has not had a truer or better friend. His Excellency has had to face an unrest which has been more vehement than ever before, but he has never felt that he has been here merely to maintain the strength of British prestige; he has felt more that he has been here deliberately to aid India in her march to self-government. He has always done the right as he has seen the right, and he has never allowed himself to be deflected from the course which in his love of India he had chalked out for himself. It was only such a man who could command confidence and bring about an understanding between his own country and ours. It is well known that His Excellency availed himself of his visit to England to enlighten public opinion there and especially His Majesty's Government about the feelings, anxieties and aspirations of the people of this country. His Excellency did it so faithfully and with such effect that His Majesty's Government was persuaded to accept the plan of the Round Table Conference to settle India's future political destiny. The Round Table Conference has been His Excellency's idea, and, if it succeeds, as we all hope and pray it will, he must be rightly credited with the triumph, and it is to His Excellency that India will owe the opportunity of peaceful evolution. His Excellency has enabled the Indian States also to find their legitimate share in the general political progress of the country. At the beginning of his regime His Excellency inspired the confidence that he would not lose sight of the welfare of the States including among them the smaller States. I owe it to His Excellency to express here the profound gratitude of the Rulers of the smaller States for the great kindness with which he made it possible for their special point of view to find a voice at the Round Table Conference. Towards the close of his regime we find that His Excellency has been a true friend of the States big and small and has always endeavoured to sympathise with their aspirations and promote their advance. His Excellency has shown a courage, an insight and an imagination, which have won for him the love and confidence of Indians of all races,

creeds and castes. Your Excellency, when you leave India, you will do so with the genuine affection of the whole Order of Rulers and their people as we know you will with the genuine affection of the people of British India. I do not presume to be able to pay Your Excellency an adequate tribute for your great qualities of head and heart. I shall merely content myself with expressing, what I believe to be the thought in the minds of those present in this hall as well as of those outside, that when Mr. MacDonald said the other day that Your Excellency would take your rank among the greatest of the Viceroys, he gave expression to what was bare truth. The record of Your Excellency's great achievement in India will live in the grateful memories of the people and Princes of India and adorn the immortal pages of history.

With these words I support this Resolution.

His Highness the Nawab of Maler Kotla: Your Excellency, Your Highnesses; I rise to associate myself with the sentiments expressed in such eloquent terms by His Highness the Chancellor regarding the signal services rendered by His Excellency Lord Irwin to India and the British Empire. The deep concern and sympathy which His Excellency has evinced for the welfare and progress of this country and the great and noble efforts he has made to secure for India its rightful place in the British Commonwealth will always be remembered with feelings of gratitude by the whole of India. His great personal influence with all parties in India and England and his sincerity of purpose contributed largely to the solution of many a most difficult and intricate problem which at times appeared incapable of solution. His Excellency is the greatest and sincerest friend the Princes and people of India have ever had and his name will always be remembered as India's greatest benefactor. With these few words I support the resolution moved by His Highness the Chancellor.

His Highness the Maharaja of Bikaner: Your Excellency, Your Highnesses; I have had the honour and the pleasant duty of paying my humble and respectful tribute to Lord Irwin on so many occasions in the past, both in England and in India, that I do not feel that I should take any more of the time of Your Highnesses today by speaking at length. I wish to pay a further mark of my respect—may I add, Sir, devoted affection—by bidding Your Excellency good-bye in person in Bombay, but on this occasion I might perhaps sum up in one sentence the feelings which are uppermost not only in the minds of us—the Prince and the people of the Indian States, but I feel confident also in British India—and that is that if alas we cannot have the Lord Irwin with us for all the time, we hope that an Irwin after Irwin will follow him as Viceroy.

His Excellency the Viceroy: You have heard the Resolution read and supported and it is my duty now to offer Your Highnesses an opportunity of expressing your views upon it. Will those who are in favour signify their assent?

(The Resolution was carried unanimously.)

Perhaps Your Highnesses will please allow me to say a word or two by way of thanks. It is not easy to say how greatly touched I am by the generosity that has inspired Your Highnesses in putting this motion on the paper. Five years' interval is to most of us a long time to look forward to, but strangely enough it seems to me now so short. When I reflect upon the last five years and recall to myself with vivid mind everything in the way of building up first of all acquaintance and then, if I may say

so, a warm friendship between Your Highnesses and myself, I am sure I have cause to congratulate myself on that. I shall certainly carry with me the memories of your sympathy and appreciation when I leave India in a few weeks time. His Highness the Chancellor was kind enough to refer to the fact that I had occasionally been the object of some criticism. I have no doubt that that will happen again, and I am afraid Your Highnesses also will find yourselves in the same position. For criticism is the ordinary diet of any one in public life, and I do not suppose either you or I will be affected by the fact that criticism beats on our heads. We are not prepared to claim—as a matter of fact we have never claimed—that we have never made any mistakes. The most I claim, and it is really a claim of great modesty, is that we have made fewer mistakes than others would do in a similar position. Therefore, I think, I can at least say that, during the last five years, which have been years of great difficulty and often of great disappointment, supported by Your Highnesses, I, at least, have never lost faith in the possibility of winning, through our difficulties and disappointment, something that would more than amply repay all the trouble and anxiety through which we may have gone to achieve it, and if in the years to come anything is realised it will be very largely due to the constant sympathy and unfailing support that Your Highnesses have given me and that you will be giving to every other Viceroy with whom you will be brought into contact. Only one word more and I am done. In three or four weeks I shall have wished Your Highnesses good-bye, but I shall be happy in the reflection that my place is being taken by one, already well-known to many of Your Highnesses, who will, I am sure, be a very wise and good counsellor to you and a true friend of your Order in the difficult times that still lie in front of us. For myself, I shall always remember the kindnesses that Your Highnesses have constantly extended to me. I shall always recall with pleasure the five years during which I have worked in the closest contact with His Highness the Chancellor and I warmly share the view that His Highness of Bikaner was good enough to express that although our corporate association terminates, we may have very many opportunities of refreshing and maintaining our friendship, which I shall always look forward to with pleasure.

I think that concludes Your Highnesses' business for the morning.

PROCEEDINGS OF THE FIFTH DAY.

The 20th March, 1931.

The following Ruling Princes and Chiefs were present:—

Baroda.

His Highness the Maharaja of Baroda.

Central India.

His Highness the Nawab of Bhopal.
His Highness the Maharaja of Bijawar.
His Highness the Maharaja of Datia.
His Highness the Raja of Jhabua.
The Raja of Khilchipur.
His Highness the Raja of Narsingarh.
His Highness the Maharaja of Orcha.
His Highness the Maharaja of Panna.
His Highness the Raja of Rajgarh.
His Highness the Maharaja of Rewa.
The Raja of Sarila.
His Highness the Raja of Sitamau.

Rajputana.

His Highness the Maharaja of Alwar.
His Highness the Maharaja of Bikaner.
His Highness the Maharaj Rana of Dholpur.
His Highness the Maharawal of Dungarpur.
His Highness the Maharaja of Jaipur.
His Highness the Maharawal of Jaisalmer.
His Highness the Maharaj Rana of Jhalawar.
His Highness the Maharaja of Jodhpur.
His Highness the Maharao of Kotah.

Punjab States.

His Highness the Nawab of Bahawalpur
His Highness the Maharaja of Kapurthala.
His Highness the Nawab of Maler Kotla.
His Highness the Raja of Mandi.
His Highness the Maharaja of Patiala.
His Highness the Maharaja of Sirmur.
His Highness the Raja of Suket.

Western India States.

His Highness the Maharao of Cutch.
His Highness the Maharaja of Nawanagar.
His Highness the Nawab of Palanpur.
The Thakore Saheb of Palitana.
His Highness the Maharaja of Porbandar.
His Highness the Raj Saheb of Wankaner.

Bombay.

The Nawab of Balasinor.
His Highness the Raja of Baria.
His Highness the Nawab of Cambay.
The Raja of Chhota Udepur.
The Maharana of Danta.
The Chief of Jamkhandi.
His Highness the Mir of Khairpur.
The Chief of Phaltan.
His Highness the Maharaja of Rajpipla
The Nawab of Sachin.
His Highness the Chief of Sangli.

Bihar and Orissa.

The Maharaja of Mayurbhanj.
The Raja of Talcher.

Central Provinces.

The Raja of Korea.

Punjab.

The Raja of Baghat.
The Raja of Kalsia.

United Provinces.

His Highness the Maharaja of Benares.
His Highness the Nawab of Rampur.
His Highness the Raja of Tehri (Garhwal).

Agendum No. 5 (i).

Election of the Chancellor.

His Excellency the Viceroy: The first business before Your Highnesses is the election of the Chancellor, followed by elections of the Pro-Chancellor, the Standing Committee and Substitute Members of the Standing Committee. I think perhaps it will be for the convenience of Your Highnesses if I ask Sir Charles Watson, Political Secretary, according to custom to say a word or two as to the method of voting in order to avoid any confusion and inconvenience.

The Honourable Sir Charles Watson: Voting papers will be distributed to all the Members and Representative Members of the Chamber. For the Office of the Chancellor only Members of the Chamber in their own right are eligible. Only one name should be written on the voting paper and the paper should not be signed. The box in which the papers will be put when the name has been entered will be placed on this table.

His Excellency the Viceroy: Before the voting papers are distributed, His Highness the Maharaja of Alwar will make a few observations and I would like to announce that the following do not wish to stand as Chancellor:—

His Highness the Maharaja of Bikaner,
His Highness the Maharaja Jam Sahib of Nawanagar,
His Highness the Maharao of Cutch,
His Highness the Maharaja of Alwar,
His Highness the Maharaja of Kashmir.

His Highness the Maharaja of Alwar: Your Excellency, Your Highnesses; It is my privilege to open my remarks—very few I hope they will be—I shall try to make them so,—if I may, with due respect to Your Excellency and Your Highnesses, to wish you a very happy New Year, which according to our Hindu Calendar begins today. Last year, when I spoke before the elections began, I mentioned three subjects—one was the clock, the other was the rostrum with a lamp and the third was about electioneering campaign. One has been provided for already and His Excellency made very kind references, I believe, about it during my absence in two places. The rostrum is a system that exists in one of the European countries, where people go and speak in front of the Chair, the Chair having control of three lights in case anyone takes too much time in his speech. His Excellency and I, and I am very proud to associate my name there, we are about the only two generally speaking without notes, and the rostrum will come into effect at a much later date when the speeches begin to get too long. In any case I keep myself in good company. With regard to the third proposition, the electioneering campaign, I mentioned last year that, although I was not moving a Resolution, the system was not an agreeable nor a very princely one and that canvassing should not take place with the same vigour as it has been doing, because not only is it not princely but also I am afraid it brings rifts within the lute between the various members, which are quite unnecessary. Therefore I will rack my brains next year before I come here, when I shall have the pleasure and privilege of meeting the Viceroy and Your Highnesses, and I hope I shall move a Resolution, which I will place before His Excellency and the Standing

Committee for being voted—something in consonance with the system that is observed in the Oxford Union where canvassers are excluded from standing. However, on this occasion, the time is too late and it is for Your Highnesses to decide, so I will not say anything more on the subject. The elections are now going to take place and I do not know (at least it is not on the Agenda paper before me) that any vote of thanks is being passed to His Highness the Chancellor for his services during the last year. Am I right, Your Excellency? (*His Excellency*: I think that is so.) May I have the privilege of moving a vote of thanks to His Highness the Maharaja of Patiala for having served our interests at such an important juncture with such ability at the Round Table Conference, when he went there as Chancellor?

His Highness the Maharaja of Bikaner: May I second this vote of thanks, Sir?

His Excellency the Viceroy: I think Their Highnesses of Alwar and Bikaner are both, strictly speaking, out of order, but I have no doubt that it will be the wish of Your Highnesses not to interpret the Rules of Business too strictly, and accordingly it is my duty to put that motion to the Chamber, which has been proposed and seconded by Their Highnesses of Alwar and Bikaner, that a vote of thanks be passed to His Highness the Maharaja of Patiala for his work as Chancellor and at the Round Table Conference. Those in favour of this Resolution will please signify the same.

(The resolution was carried unanimously.)

His Highness the Maharaja of Patiala: Your Excellency, Your Highnesses; I have to thank Their Highnesses the Maharajas of Alwar and Bikaner for moving and supporting the resolution about my humble services. I am most grateful to Your Highnesses for your kind appreciation.

His Excellency the Viceroy: I think we should now proceed with the elections.

(The election was then conducted.)

The Honourable Sir Charles Watson: For the post of the Chancellor the voting is as follows:—

His Highness the Nawab of Bhopal	...	28 votes.
His Highness the Maharaja of Patiala ...	...	23 ,,
His Highness the Gaekwar of Baroda	...	1 vote.
His Highness the Maharaja of Alwar	...	1 ,,

(At this stage His Excellency the Viceroy left the Chair which was occupied by His Highness the Gaekwar of Baroda.)

Agendum No. 5(ii).

Election of the Pro-Chancellor.

President (His Highness the Gaekwar of Baroda): The following Princes are not standing for the post of Pro-Chancellor:—

His Highness the Maharaja of Bikaner.

His Highness the Maharaja of Patiala.

His Highness the Maharaja of Kashmir.

His Highness the Maharaja of Nawanagar: Your Excellency, Your Highnesses; May I say that I do not propose to stand for election as Pro-Chancellor?

His Highness the Gaekwar of Baroda (President): His Highness the Jam Sahib of Nawanagar is also not standing for the post of Pro-Chancellor.

The Honourable Sir Charles Watson: In voting for Pro-Chancellor only one name should be recorded on the paper.

(The election was then conducted.)

The Honourable Sir Charles Watson: The results of the voting for the office of Pro-Chancellor are as follows:

His Highness the Maharao of Cutch	32	votes.
His Highness the Maharaja of Alwar	16	,,
Their Highnesses the Maharajas of Jodhpur, Panna, Rewa and Porbandar.	1	vote each.

Agendum No. 6.

Election of the Standing Committee and Substitute Members of the Standing Committee.

The Honourable Sir Charles Watson: Will Your Highnesses now vote for the Members of the Standing Committee? Only five names should be recorded.

His Highness the Maharaja of Bikaner: Will you kindly say "excluding the Chancellor and the Pro-Chancellor"?

The Honourable Sir Charles Watson: Yes "excluding the Chancellor and the Pro-Chancellor".

His Highness the Gaekwar of Baroda (President): I understand that His Highness the Maharaja of Kashmir does not wish to stand for the position of a Member on the Standing Committee and I myself also do not desire to stand.

(The election was then conducted.)

The Honourable Sir Charles Watson: The results of voting for the Standing Committee are as follows:

His Highness the Jam Sahib of Nawanagar ...	45	votes.
His Highness the Maharaja of Alwar ...	37	,,
His Highness the Maharaja of Bikaner ...	32	,,
His Highness the Maharaj Rana of Dholpur...	23	,,

For the fifth place there is a tie between Their Highnesses the Maharaja of Patiala and the Chief of Sangli each of whom has secured 21 votes. A fresh ballot will now be held between the two members who received

an equal number of votes in the voting for the Standing Committee. One of these names only should be recorded on the voting paper.

The Honourable Sir Charles Watson: The result of the ballot between their Highnesses the Maharaja of Patiala and the Chief of Sangli is as follows:

His Highness the Maharaja of Patiala	...	33 votes.
His Highness the Chief of Sangli	...	21 ,,

You will now proceed to vote for the substitute members of the Standing Committee. Only 5 names should be recorded on the voting paper.

(The election was then conducted.)

The Honourable Sir Charles Watson: The results of the voting for the substitute members of the Standing Committee are as follows:

His Highness the Maharaja of Porbandar	...	22 votes.
His Highness the Chief of Sangli	...	22 ,,
His Highness the Maharaja of Dungarpur	...	22 ,,
His Highness the Nawab of Malerkotla	...	20 ,,
His Highness the Maharaja of Rewa	...	19 ,,

His Highness the Maharaja of Porbander: His Highness of Jodhpur, His Highness of Panna and myself are grateful to three of "Their Unknown Highnesses" for giving us each a vote for Pro-Chancellorship. We are very glad to see that the Chamber still retains a sense of humour.

His Highness the Maharaja of Patiala: Your Excellency; On behalf of my brother Princes I have the honour to convey to Your Excellency our heartfelt thanks for the comprehensive address to which we listened on the first day of our proceedings and for the courteous attention with which you have presided over our deliberations this year. To that remarkable utterance, so exhaustive in scope, so generous in intent and so lucid in expression, it is not easy for me to reply, because, along with my brother Princes, I am prey to sadness at the thought that this is the last time when, to use Your Excellency's phrase, "we shall witness the operation of our happy partnership of five years". There will yet be occasions for us all to express our regret at the dissolution of that partnership which has been characterised throughout by mutual trust and esteem. But it is impossible that we should forego this opportunity of saying either that Your Excellency's friendship for us, your sympathy with our efforts to establish our rights and your readiness to assist us all as best as you could, have been a source of inspiration and strength to us, or of expressing our genuine regret at the impending close of Your Viceroyalty which will ever be remembered for its signal achievements in the face of many difficulties that at times threatened to prove insuperable. We assure Your Excellency that our sorrow at parting with you is deep and sincere and, in saying this, I am sure that we express not merely the feelings of our Order but of the country at large. (Applause.)

We have to thank Your Excellency for settling the question that in a cycle of three years, at least once the Indian Delegation to the Assembly of the League of Nations should be led by a Ruling Prince. This decision took effect last year and our illustrious brother His Highness the Maharaja of Bikaner discharged the responsibilities of the leader. We have all listened with pride to his terse and lucid statement concerning his work at the Assembly of the League of Nations and the Imperial Conference and our best thanks are due for the proof he gave of practical statesmanship while participating in those two historic gatherings.

Similarly, for the compromise reached in regard to the subject of Air Navigation in Indian States, we are indebted to Your Excellency for appreciating and agreeing with our basic contentions.

As regards the share of the States in the income derived from additional duty on motor spirit, we are glad that a decision consonant with our wishes has been reached, though it may still be necessary further to discuss the manner of giving that decision effect. So far as the question of the Conferences to be held is concerned, the matter is under our consideration and subject to an adequate recognition of our rights, we would be bound in the interest of the agriculture, industry and commerce of our own States to co-operate in any measures suggested by the Government of India with a view to the improvement of communications in the country.

Before we go on to the other points in Your Excellency's speech we desire once more to urge the early establishment of direct political relations with the States which are still in relationship with provincial governments. The importance which we attach to this question is known to Your Excellency, as we have pressed for it year by year. The principle of this transfer was recommended by the Montagu-Chelmsford reforms and recently by the Butler Committee. The administrative and political conveniences which will follow this change are indeed obvious. We may also be permitted once again to urge that the arrangements governing the present system of direct relations should be simplified so as to bring the States and their Rulers into closer contact with the Viceroy. We feel strongly that the time has arrived for these changes which we are convinced will result in administrative convenience and lead to better understanding.

Our grateful thanks are due for Your Excellency's allusion to the achievements of the Chamber during the last ten years and the devotion to duty of the office bearers of last year. So far as the Chancellor and the Standing Committee are concerned, they were placed in that position by the confidence which their brother Princes reposed in them. It is obvious that the least return they could make for the privilege of holding office was to apply themselves wholeheartedly and in the interest of all the States to the discharge of the duties which fell to them in their representative capacity. But, so far as His Highness the Maharao of Cutch is concerned, he is certainly entitled to the especial gratitude of all of us for assuming responsibility during the absence of all the office bearers in Europe and it is a pleasant duty to express our cordial thanks to him for responding to the call that was made upon him and for his devotion to duty of which he gave such signal proof.

As regards what the Chamber has been able to achieve during the last ten years, the States have certainly derived all the advantages that Your Excellency enumerated. It is a great satisfaction to reflect that the conception of the Princes that such a Chamber should exist has been fully

justified by the march of events. Although the Chamber has existed for ten years, it is still an infant institution. We have great faith in its potentialities and we strongly feel that it will never outlive its utility even after the constitutional changes which may occur at no distant date have come into being, although its Constitution and functions may have to be revised. Of such revision the need has been lately felt by us and we have naturally urged the revision.

The observations which Your Excellency made in regard to the constitutional problems arising out of the discussions at the Round Table Conference were listened to with absorbed interest and have been deeply pondered over by us all. As our proceedings of yesterday have shown, we are in general agreement with all that Your Excellency said in regard to the importance of the decisions taken in England and their effects on the future of our States. Those decisions, so far merely tentative, do represent a departure from the old order of things, but with effective constitutional safeguards for our cherished rights we have every reason to hope that the road which we have chosen will lead us to the goal of a united India in which all communities will have opportunities of unrestricted growth; harmony will prevail and antagonisms will cease. At this stage, when the provisions of the Constitution remain to be drafted in exact language, indeed, when many important details have still to be worked out, it is difficult to arrive at any final decision. We can however assure Your Excellency that the delicate and complex questions involved are receiving our incessant and most careful consideration.

We realise that the difficult problems that await solution have to be faced frankly and in a genuine spirit of co-operation. The work of the Conference can be brought to fruition only if all the parties interested in the future of India bring to the discussion of those problems a spirit of mutual trust, genuine goodwill, and healthy compromise. This Chamber may be relied upon to rise equal to the occasion and we are confident that its representatives, in the negotiations that still lie before us, will, of course, without sacrifice of the inalienable rights of the States, face the problems with a sincere desire for the equitable adjustment of difficulties and for reaching solutions calculated to serve the interests of India as a whole.

Your Excellency has alluded to Viceregal visits to the States, and the ill-informed criticisms to which such visits have occasionally been subjected. We regard as of inestimable value the intimate contact which these visits enable between the representative of the King-Emperor and his faithful allies. It is from such personal contact that mutual good understanding results. From having seen our States you have been able to understand our peculiar difficulties and to appreciate the suitableness of the manner in which we try to solve our problems. We look upon the Viceroy not only as the highest servant of the Crown to whom is entrusted the conduct of those special relations in which we stand to the Crown, but as our friend to whom we may turn in all our difficulties or when problems of an especially delicate or complex character arise. And the feelings of mutual trust and esteem which underlie our relations with the Crown are, if I may venture to say so, mainly the result of personal contact between us and the Viceroy. Your Excellency, personally, has spared neither time nor trouble in visiting even the most distant States, and has thereby proved your profound interest in our welfare—in itself a fact which has infused the right disposition in the Princes of India.

Your Excellency has once again drawn attention to the necessity of ensuring good government in our States. Nothing can be dearer to the heart of a Ruler than the contentment, happiness and prosperity of his subjects. The main principles which Your Excellency has emphasised are and should be the recognised ideals of our Order. Our endeavour in recent years has been to work for our subjects in a wider field and to secure their happiness in an increasing measure. The recent census figures provide an index of the measure of our success. The population of the States as a whole has increased by 12 per cent. which is nearly 2 per cent. higher than the general increase in the country.

Your Excellency, we are convinced that the future holds a great destiny for the Indian States. The events of the past few months have shown that if we continue to address ourselves, as we are resolved to do, to the problems that face us, with courage, wisdom and foresight, the world will soon witness the rapid evolution of India as a great and prosperous part of the British Empire. In this new India, we are persuaded, the States will not only have an honourable place but one which while securing from encroachment their sovereign rights will enable them to play a worthy part in shaping the destinies of the land of their birth. If such an achievement is rendered possible, as we all hope it would be, that will be due, in no small measure, to the generous sympathy and courageous statesmanship of a Viceroy who, by his understanding of this country's aspirations and, as the result of the understanding, by wise measures, devoted himself to the attainment of those aspirations and evoked the reverence and love of its people.

His Excellency the Viceroy: It is not my intention to make a speech but I think it would be ungracious of me if I allow this session to close without saying once again a word of thanks to His Highness of Patiala and to all Your Highnesses for the uniform courtesy and kindness with which you have treated me during the five years that I have been privileged to preside over your deliberations. I do indeed feel it to be what His Highness the Chancellor has just described it—a dissolution of a partnership which on my side, and, I hope, on yours, has been a very and I trust, altogether not a wholly unprofitable one. That partnership, even though not in the present form of presiding over your Chamber, I shall indeed hope, as H. H. the Maharaja of Bikaner said yesterday, will be allowed to continue, even though five thousand miles of sea may divide us. A special word of thanks, I think, is due from me to His Highness the Chancellor because I could have asked for no more willing, valuable, and assiduous collaborator during the last five years; and if I may add just this with regard to the results of the election this morning, I can only say, from my experience of working with His Highness the Nawab of Bhopal as a member of the Standing Committee, that I am quite sure Your Highnesses could have chosen no more suitable successor to one who has left a very difficult task for his successor to discharge. It is with a word of warm-hearted gratitude to Your Highnesses that I take leave of you on this occasion, and I invoke all God's blessings on the future progress of your important deliberations and labours.

I think that concludes Your Highnesses' formal business.

Resolutions passed by the Chamber of Princes (Narendra Mandal) during the session held on the 16th March 1931 and following days.

Agendum No. 1.

Resolution of condolence by His Highness the Maharaja of Patiala at the death of Their Highnesses of Barwani, Begum Mother of Bhopal, Udaipur, Rampur, Orchha, Sachin and Tonk.

Resolved.—That the Chamber of Prnces records its heart-felt sorrow at the lamentable demise of Their Highnesses the Rana Sahib of Barwani, Begum Mother of Bhopal, Maharana Sahib of Udaipur, the Nawab Sahib of Rampur, the Maharaja Sahib of Orchha, the Nawab Sahib of Sachin and the Nawab Sahib of Tonk, together with the sense of the loss thereby sustained by the entire Order of Princes; and offers its sincerest sympathies and condolences to the bereaved families.

Agendum No. 2.

Resolution of welcome by His Highness the Maharaja of Patiala to Their Highnesses of Udaipur, Rampur, Orchha, Sachin, Tonk, Indore, Jaipur, Cambay and the Raja of Lunawada and the Maharaja of Mayurbhanj.

Resolved.—That the Chamber of Princes offers its heart-felt congratulations to Their Highnesses of Cambay, Indore, Jaipur, Lunawada, Orchha, Rampur, Sachin, Tonk and Udaipur on their assumption of powers and to the Maharaja of Mayurbhanj on his entry into the Chamber and welcomes them all in its midst wishing them a long and prosperous rule.

Agendum No. 3.

Statement by His Highness the Maharaja of Bikaner regarding his work at the Imperial Conference and as a representative of India at the last meeting of the League of Nations.

Resolved.—That the Chamber of Princes record a vote of thanks to His Highness the Maharaja of Bikaner for his valuable work at the Imperial Conference and as a representative of India at the last meeting of the League of Nations.

Agendum No. 5 (i).

Election of the Chancellor.

Resolved.—That according to the largest number of votes His Highness the Nawab of Bhopal be elected as Chancellor.

Agendum No. 5 (ii).

Election of the Pro-Chancellor.

Resolved.—That according to the largest number of votes His Highness the Maharao of Cutch be elected as Pro-Chancellor.

Agendum No. 6 (i).

Election of the Standing Committee.

Resolved.—That the following Princes be elected as Members of the Standing Committee:—

1. His Highness the Maharaja of Navanagar.
2. His Highness the Maharaja of Alwar.
3. His Highness the Maharaja of Bikaner.
4. His Highness the Maharaj Rana of Dholpur.
5. His Highness the Maharaja of Patiala.

Agendum No. 6 (ii).

Election of Substitute Members of the Standing Committee.

Resolved.—That the following Princes be elected as Substitute Members of the Standing Committee:—

1. His Highness the Maharaja of Porbander.
2. His Highness the Chief of Sangli.
3. His Highness the Maharawal of Dungarpur.
4. His Highness the Nawab of Maler Kotla.
5. His Highness the Maharaja of Rewa.

Agendum No. 7.

Recommendation of the Standing Committee in regard to the question of the linking of interstatal telephone lines.

Resolved.—That the interlinking of telephones of one State to another State, where no other territory intervenes, should be permitted, subject to information of the intention being sent to the Government of India.

Agendum No. 8.

Resolutions moved in connection with the work accomplished at the Round Table Conference.

(i) *Resolved.*—That this Chamber resolves to tender its expressions of unfaltering loyalty to the person and the Throne of the King-Emperor and

to record its profound gratitude to His Majesty for opening in person the Indian Round Table Conference and for maintaining close interest in its proceedings throughout the sittings of that historic gathering in which the representatives of this Chamber willingly participated in a desire to draw England and India closer together for the collective benefit of the British Empire.

(ii) *Resolved.*—That this Chamber resolves to convey to His Majesty's Government and the Great Parliamentary parties of Britain its lively appreciation of the warm interest shown by them all during the sittings of the Indian Round Table Conference in securing for the Indian States their rightful place in the future constitution of the Government of India, and further convey the cordial assurance that the members of this Chamber will spare no efforts to facilitate the harmony of relations between England and India and the respect of the two countries for each other.

(iii) *Resolved.*—That this Chamber places on record its high appreciation of the single-minded devotion and statesmanlike ability with which the representatives of the States—both Rulers and Ministers—represented the States at the Conference; and supports in principle the scheme outlined at the Round Table Conference, which, while laying the foundation of a greater India, aims at securing to all parties in the country their legitimate and cherished rights beyond risk of future encroachment.

(iv) *Resolved.*—That this Chamber authorises its representatives further to carry on discussions and negotiations with due regard to the interests of the States and subject to the final confirmation and ratification by the Chamber and each individual State.

(v) *Resolved.*—That this Chamber resolves to place on record its sense of the deep obligation which India owes to His Excellency Lord Irwin for his vivid sympathy with the country's natural aspiration and for the statesmanlike espousal of the country's cause in face of many difficulties which at times seemed insuperable, whereby, in the opinion of this Chamber His Excellency has rendered signal service to India, England and the rest of the British Empire.

Agendum No. 9.

Recommendation of the Standing Committee in regard to Air Navigation in Indian States.

Resolved.—That the recommendation of the Standing Committee be generally accepted by the Chamber.

Work of His Highness the Maharaja of Patiala as Chancellor of the Chamber of Princes and at the Round Table Conference.

Resolved.—That a vote of thanks be passed to His Highness the Maharaja of Patiala for his work as Chancellor of the Chamber of Princes and at the Round Table Conference.

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1932.

PROCEEDINGS

OF THE

MEETINGS OF THE CHAMBER OF PRINCES (NARENDRA MANDAL)

Held at New Delhi on the 28th March 1932 and following days.

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AGENDA.

CHAMBER OF PRINCES.

March-April 1932.

1. Resolution of welcome by His Highness the Nawab of Bhopal to His Excellency Lord Willingdon as Viceroy of India.

2. Resolution of condolence by His Highness the Nawab of Bhopal on the deaths of Their late Highnesses the Maharajas of Cochin, Benares and Idar, His late Highness the *ex*-Raja of Cochin, and the *ex*-Raja of Bilaspur.

3. Resolution of welcome by His Highness the Nawab of Bhopal to Their Highnesses of Travancore, Cochin, Bhavnagar, Idar and Benares, the Nawab Saheb of Loharu and the Thakore Saheb of Rajkot.

4. To receive a statement from His Highness the Nawab of Bhopal reviewing the work performed by the Chamber of Princes during the past year.

5. To receive from His Highness the Nawab of Bhopal the report circulated by Khan Bahadur Dewan Abdul Hamid, regarding his work as a representative of India at the last meeting of the League of Nations.

6. Resolution of thanks to His Excellency the Viceroy for having taken up with His Highness the Chancellor and the representatives of the Chamber the questions of Paramountcy and Ceremonials.

7. Resolution by His Highness the Maharaja of Patiala that the membership of the Standing Committee may be increased to 9, the quorum being five, and that the election and other provisions relating to Substitute Members may be deleted.

8. Elections.

9. To receive a statement from His Highness the Nawab of Bhopal regarding the work of the Indian States' Delegation to the Round Table Conference.

10. Resolutions regarding the work of the Indian States' Delegation to the Round Table Conference.

11. Acquisition of non-residential property in British India by Ruling Princes and Chiefs.

12. Resolution of thanks by His Highness the Maharaja of Alwar to His Highness the Chancellor.

13. Resolution by His Highness the Maharaja of Panna regarding the appreciation of the services rendered to the States by the Indian States' Delegation to the Round Table Conference.

WORK-CARD.

Chamber of Princes (Narendra Mandal.)

(To be held in the Princes' Chamber, Council House, New Delhi, at 11 a.m., daily.)

March-April 1932.

Monday, the 28th March 1932.

1. His Excellency the Viceroy will on arrival greet the Members and Representative Members who will be presented individually by His Highness the Chancellor.

2. Resolution of welcome by His Highness the Nawab of Bhopal to His Excellency Lord Willingdon as Viceroy of India. (Agendum No. 1.)

3. His Excellency the Viceroy will deliver an address.

4. Resolution of condolence by His Highness the Nawab of Bhopal on the deaths of Their late Highnesses the Maharajas of Cochin, Benares and Idar, His late Highness the *ex*-Raja of Cochin and the *ex*-Raja of Bilaspur. (Agendum No. 2.)

5. Resolution of welcome by His Highness the Nawab of Bhopal to Their Highnesses of Travancore, Cochin, Bhavnagar, Benares and Idar, the Nawab Saheb of Loharu and the Thakore Saheb of Rajkot. (Agendum No. 3.)

Tuesday, the 29th March 1932.

1. To receive a statement from His Highness the Nawab of Bhopal reviewing the work performed by the Chamber of Princes during the past year. (Agendum No. 4.)

2. To receive from His Highness the Nawab of Bhopal the report circulated by Khan Bahadur Dewan Abdul Hamid, regarding his work as a representative of India at the last meeting of the League of Nations. (Agendum No. 5.)

Wednesday, the 30th March 1932.

Free day.

Thursday, the 31st March 1932.

1. Resolution of thanks to His Excellency the Viceroy for having taken up with His Highness the Chancellor and the representatives of the Chamber the questions of Paramountcy and Ceremonials. (Agendum No. 6.)

2. To receive a statement from His Highness the Nawab of Bhopal regarding the work of the Indian States' Delegation to the Round Table Conference. (Agendum No. 9.)

3. Resolution by His Highness the Maharaja of Panna regarding the appreciation of the services rendered to the States by the Indian States' Delegation to the Round Table Conference. (Agendum No. 13.)

4. Acquisition of non-residential property in British India by Ruling Princes and Chiefs. (Agendum No. 11.)

Friday, the 1st April 1932.

1. Resolution regarding the work of the Indian States' Delegation to the Round Table Conference. (Agendum No. 10.)

2. Resolution by His Highness the Maharaja of Patiala that the membership of the Standing Committee may be increased to nine, quorum being five, and that the election and other provisions relating to Substitute Members may be deleted. (Agendum No. 7.)

Saturday, the 2nd April 1932.

1. Elections. (Agendum No. 8.)

2. Resolution of thanks by His Highness the Maharaja of Alwar to His Highness the Chancellor. (Agendum No. 12.)

3. Reply of the Members and Representative Members to His Excellency the Viceroy's Opening Address.

4. His Excellency the Viceroy will then conclude the proceedings.

Memorandum Explanatory of Agendum No. 1.

The following resolution will be moved by His Highness the Nawab of Bhopal:—

"The Chamber of Princes offers a hearty welcome to His Excellency Lord Willingdon on his assumption of the office of Viceroy and Governor-General of India and tenders its sincerest good wishes to His Excellency."

Memorandum Explanatory of Agendum No. 2.

The following resolution will be moved by His Highness the Nawab of Bhopal:—

"The Chamber of Princes records its heartfelt sorrow at the lamentable demise of Their late Highnesses the Maharajas of Cochin, Idar and Benares, His late Highness the *ex*-Raja of Cochin and the *ex*-Raja Saheb of Bilaspur together with the sense of the loss thereby sustained by the entire Order of Princes, and offers its sincerest sympathies and condolences to the bereaved families."

Memorandum Explanatory of Agendum No. 3.

The following resolution will be moved by His Highness the Nawab of Bhopal:—

"The Chamber of Princes offers its heartiest congratulations to Their Highnesses the Maharajas of Travancore, Cochin, Bhavnagar, Benares and Idar and the Nawab Saheb of Loharu and the Thakore Saheb of Rajkot on their assumption of powers and welcomes them all in its midst, wishing them a long and prosperous reign."

Memorandum Explanatory of Agendum No. 6.

The following resolution will be moved:—

"The Chamber of Princes places on record its sincere thanks to His Excellency the Viceroy for having taken up with His Highness the Chancellor and the representatives of the Chamber the questions of Paramountcy and Ceremonials the early settlement of which is of vital importance to the States and expresses the earnest hope that they will be disposed of satisfactorily at the earliest possible date."

Memorandum Explanatory of Agendum No. 7.

The following resolution will be moved by His Highness the Maharaja of Patiala:—

"This Chamber recommends to His Excellency the Viceroy that Part II of the First Regulations of the Chamber of Princes be amended in such a manner as to—

(*a*) raise the number of the members of the Standing Committee to nine permanently, including the Chancellor and the Pro-Chancellor, quorum still remaining five and to eleven until the important work in connection with the Round Table Conference lasts; and

(*b*) delete the provisions relating to election, etc., of the Substitute Members;

and that His Excellency the Viceroy be pleased to approve of and give effect to this change before the elections are held during this Chamber session."

Memorandum Explanatory of Agendum No. 11.

Acquisition of non-residential property in British India by Ruling Princes and Chiefs.

The question was last discussed by the Standing Committee at their meeting on the 7th March 1932 when they suggested certain alterations in the Summary in column I of the attached Statement. The Summary as revised in the light of those suggestions will be found in column II, and is now for the approval of the Chamber of Princes.

Memorandum Explanatory of Agendum No. 12.

The following resolution will be moved by His Highness the Maharaja of Alwar :—

"That the Narendra Mandal places on record its deep sense of gratefulness and appreciation of the work performed by His Highness the Chancellor, the Nawab Saheb of Bhopal, during his one year's term of office, during which period His Highness has devoted considerable labour and attention to the interests of the Princes on questions of supreme importance such as Federation, Paramountcy and Ceremonials, with very beneficial and fruitful results."

Enclosure.

ACQUISITION OF NON-RESIDENTIAL PROPERTY IN BRITISH INDIA BY RULING PRINCES AND CHIEFS.

I

SUMMARY OF THE PRINCIPLES GOVERNING THE ACQUISITION OF NON-RESIDENTIAL PROPERTY IN BRITISH INDIA BY RULING PRINCES AND CHIEFS, AS REVISED IN THE LIGHT OF THE DISCUSSIONS AT THE MEETING OF THE STANDING COMMITTEE IN MARCH 1930.

1. In view of the special position of Ruling Princes and Chiefs, the acquisition by them or their heirs of non-residential property in British India should be subject to the following terms and conditions:—

In this Summary (*a*) "non-residential property" means any immovable property or interest in immovable property, which is not required for the residence of a Ruling Prince or Chief or for the residence of a member of his family.

(*b*) "The Local Government concerned" means the local Government within whose jurisdiction the property is situate.

2. (1) No Ruling Prince or Chief or the heir-apparent of such Ruling Prince or Chief should acquire non-residential property in British India either in his own name or in the name of any other person without the consent of the Government of India or the Local Government concerned. Such consent should ordinarily be obtained before the acquisition; but when this course is impracticable, the consent should be obtained within a reasonable time after the acquisition.

(2) No Ruling Prince or Chief or the heir-apparent of such Ruling Prince or Chief should transfer any such property in British India without the previous consent of the Government of India or the Local Government concerned.

3. (1) Notwithstanding anything hereinbefore contained, a Ruling Prince or Chief may acquire non-residential property in British India,—

(a) for the purpose of providing for his *younger sons* or relatives other than the heir-apparent,

(b) for the purpose of religious or charitable endowment.

An acquisition under this paragraph should be communicated to the Government of India or the Local Government concerned immediately after the completion of the transaction.

(2) If after the acquisition, the son or relative mentioned in clause (a) of sub-paragraph (1) above becomes the heir-apparent or succeeds to the *gadi* of a State, he should obtain the consent of the Government of India to his retention of the property, or dispose of it.

II

Summary of the principles governing the acquisition of non-residential property in British India by Ruling Princes and Chiefs, as revised in the light of the discussions at the meeting of the Standing Committee in March 1932.

1. In view of the special position of Ruling Princes and Chiefs, the acquisition by them or their heirs-apparent of non-residential property in British India should be subject to the following terms and conditions:—

In this Summary (*a*) "non-residential property" means any immovable property or interest in immovable property, which is not required for the residence of a Ruling Prince or Chief or his heir-apparent.

(*b*) "The Local Government concerned" means the local Government within whose jurisdiction the property is situate.

2. (1) A Ruling Prince or Chief or the heir-apparent of such Ruling Prince or Chief may acquire non-residential property in British India either in his own name or in the name of any other person only with the consent of the Government of India or the Local Government concerned. Such consent should ordinarily be obtained before the acquisition; but when this course is impracticable, the consent should be obtained within a reasonable time after the acquisition.

(2) A Ruling Prince or Chief or the heir-apparent of such Ruling Prince or Chief desiring to transfer by way of mortgage any such property in British India should obtain the previous consent of the Government of India or the Local Government concerned.

3. (1) Notwithstanding anything hereinbefore contained, a Ruling Prince or Chief may acquire non-residential property in British India,—

(*a*) for the purpose of providing for his younger sons or relatives other than the heir-apparent,

(*b*) for religious or charitable purposes.

An acquisition under this paragraph should be communicated to the Government of India or the Local Government concerned immediately after the completion of the transaction.

(2) If after the acquisition, the son or relative mentioned in clause (*a*) of sub-paragraph (1) above becomes the heir-apparent or succeeds to the *gadi* of a State, he should obtain the consent of the Government of India to his retention of the property.

ACQUISITION OF NON-RESIDENTIAL PROPERTY IN BRITISH INDIA BY RULING PRINCES AND CHIEFS—*contd.*

I—*contd.*	II—*contd.*
4. Where a relative of a Ruling Prince or Chief who has acquired or otherwise become owner of non-residential property in British India, subsequently becomes the heir-apparent or succeeds to the *gadi* of a State, he should, within a reasonable time, obtain the consent of the Government of India to his retention of the property or dispose of it.	4. (1) When a Ruling Prince or Chief acquires any non-residential property in British India in the name of another person, he should within a reasonable time cause such other person to execute a proper document declaring the real ownership or transferring the property to the real owner.
5. (1) When a Ruling Prince or Chief acquires any non-residential property in British India in the name of another person, he should within a reasonable time cause such other person to execute a proper document declaring the real ownership or transferring the property to the real owner.	(2) When the acquisition is for the purpose mentioned in paragraph 3 (1) (*a*) the document by which such acquisition is made should be in favour of the beneficiary and when it is for any of the purposes mentioned in paragraph 3 (1) (*b*) such document should disclose such purposes.
(2) When the acquisition is for the purpose mentioned in paragraph 3 (1) (a) such document should be in favour of the real owner and when it is for the purpose mentioned in paragraph 3 (1) (b) such document should be in favour of the trustees of the endowment.	
6. Ruling Princes or Chiefs or the heirs-apparent of such Ruling Princes or Chiefs shall, save in unusual circumstances which will be considered on their merits, be entitled to retain any non-residential property which they may obtain by bequest or succession, but in each case the Government of India should be informed. This does not apply to property originally acquired under paragraphs 3 and 4 which will be governed by the provisions of those paragraphs.	5. Ruling Princes or Chiefs or the heirs-apparent of such Ruling Princes or Chiefs shall ordinarily be entitled to retain any non-residential property which they may obtain by bequest or succession, but in each case the Government of India should be informed. This does not apply to property originally acquired under paragraph 3 which will be governed by the provisions of that paragraph.
7. (1) Non-residential property acquired by Ruling Princes or Chiefs and their relatives will, in all respects, be subject to the laws and rules in force in the province concerned.	6. (1) Non-residential property acquired by Ruling Princes or Chiefs and their relatives will, in all respects, be subject to the laws and rules in force in the province concerned.
(2) An agent, duly authorised and resident in or near the locality, should invariably be appointed to represent a Ruling Prince or Chief or the **heir-apparent of such Ruling Prince or Chief** in respect of his non-residential property in British India. Such agent will be subject to British jurisdiction as regards the property; and it is understood that Ruling Princes and Chiefs will see that decrees and orders are given effect to. Relatives will be personally subject to British jurisdiction, and decrees or orders will be binding on them.	(2) An agent, duly authorised and resident in or near the locality, should invariably be appointed to represent a Ruling Prince or Chief or the heir-apparent of such Ruling Prince or Chief in respect of his non-residential property in British India. Such agent will be subject to British jurisdiction as regards the property, and it is understood that Ruling Princes and Chiefs will see that decrees and orders are given effect to.
8. In case of breach of any of the aforesaid terms and conditions or in case of refusal of consent by the Government of India or the Local Government concerned, the Ruling Prince or Chief shall be bound to dispose of the property in question whenever called upon to do so by the Government of India or the Local Government concerned, as the case may be.	7. It is understood that in the event of non-observance of any of the aforesaid terms or conditions or in case of refusal of the necessary consent, the Ruling Prince or Chief will, if desired to do so by the Government of India or the Local Government, as the case may be, dispose of the property in question within a reasonable time.
9. The Local Governments having power to give consent to the acquisition or transfer of non-residential property by Ruling Princes or Chiefs, or the heirs-apparent of such Ruling Princes or Chiefs, under this Summary are the Governments of Madras, Bombay, Bengal, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces and Assam.	8. The Local Governments having power to give consent to the acquisition or transfer of non-residential property by Ruling Princes or Chiefs, or the heirs-apparent of such Ruling Princes or Chiefs, under this Summary are the Governments of Madras, Bombay, Bengal, the United Provinces, the Punjab, Bihar and Orissa, the Central Provinces and Assam.

PROCEEDINGS OF THE FIRST DAY.

The 28th March 1932.

The Chamber of Princes assembled at the Princes' Chamber, Council House, at 11 A.M. on Monday, the 28th March, 1932. His Excellency the Viceroy presided.

The following Ruling Princes and Chiefs were present:—

Central India.

His Highness the Nawab of Baoni.
His Highness the Nawab of Bhopal.
His Highness the Raja of Jhabua.
The Raja of Khilchipur.
His Highness the Raja of Narsingarh.
His Highness the Maharaja of Panna.
His Highness the Maharaja of Rewa.
His Highness the Raja of Sailana.
The Raja of Sarila.
His Highness the Raja of Sitamau.

Rajputana.

His Highness the Maharaja of Alwar.
His Highness the Maharaja of Bikaner.
His Highness the Maharaj Rana of Dholpur.
His Highness the Maharawal of Dungarpur.
His Highness the Maharaja of Jaipur.
His Highness the Maharawal of Jaisalmer.
His Highness the Maharaj Rana of Jhalawar.
His Highness the Maharaja of Jodhpur.
His Highness the Maharao of Kotah.

Madras States.

His Highness the Maharaja of Travancore.

Punjab States.

His Highness the Nawab of Bahawalpur.
The Nawab of Loharu.
His Highness the Nawab of Malerkotla.
His Highness the Maharaja of Patiala.

Western India States.

His Highness the Maharao of Cutch.
His Highness the Maharaja Raj Saheb of Dhrangadhra.
The Chief of Jasdan.
His Highness the Maharaja of Navanagar.
The Thakor Sahib of Palitana
His Highness the Raj Saheb of Wankaner.

Bombay.

The Raja of Bansda.
His Highness the Nawab of Cambay.
The Chief of Jamkhandi.
His Highness the Maharaja of Kolhapur.
The Raja of Lunawada.
The Chief of Phaltan.
His Highness the Maharaja of Rajpipla.
The Nawab of Sachin.
His Highness the Chief of Sangli.
His Highness the Sar Desai of Savantwadi.

Bengal.

His Highness the Maharaja of Tripura.

Bihar and Orissa.

The Raja of Dhenkanal.
The Maharaja of Mayurbhanj.
The Raja of Talcher.

Central Provinces.

The Raja of Korea.
The Ruling Chief of Surguja.

Punjab.

The Raja of Baghat.
The Raja of Kalsia.

United Provinces.

His Highness the Maharaja of Benares.
His Highness the Raja of Tehri-Garhwal.

On arrival, His Excellency the Viceroy greeted the Ruling Princes and Chiefs present.

Agendum No. 1.

Resolution of welcome by His Highness the Nawab of Bhopal to His Excellency Lord Willingdon as Viceroy of India.

His Highness the Nawab of Bhopal: Your Highnesses; It is my privilege as the elected spokesman of this august House to extend a most hearty welcome to His Excellency Lord Willingdon, the Viceroy, our President. Having regard to the intimate relations which subsist between the representative of His Imperial Majesty the King-Emperor and the Princes of India, it is in the fitness of things that the Viceroy should be constituted the President of the Chamber of Princes. He is thus enabled to become conversant with our collective views, to appreciate our difficulties and whenever he feels it necessary, to participate in our discussions.

Your Highnesses, we are truly fortunate in having at this momentous period of our history, as Viceroy of India and the President of the Chamber, a statesman of Imperial renown and world-wide experience who is also thoroughly familiar with our problems. His Excellency's knowledge of the Indian States and their Rulers is unrivalled. No one who previously held the exalted office of Viceroy of India possessed this knowledge in anything like the same degree. As Governor of Bombay and of Madras, he was intimately associated with the States which had or still have official relations with those Presidencies. But more than this, his personal contacts extended over a much wider range than his official relations. There is hardly an important Ruler in India whom His Excellency did not know before he assumed his high office. Many amongst Your Highnesses have for long enjoyed his friendship, and all of us have known him as a sympathetic, wise and earnest friend of India and of the States.

It is not necessary for me to refer here to the wider aspects of His Excellency's service to India. But this much I may be permitted to say. The very fact that, after a life-time of devoted service to the Crown and the Empire, much of which was spent in India, His Excellency should have accepted what is the most responsible, and perhaps the most onerous office today in the British Empire, is conclusive proof, if proof were wanted, of the regard and affection he has for the Princes and people of India and of his desire to do all that lies in his power for this country. We all know from personal experience that he means to give of his best to the States and to India as a whole.

Your Excellency, I have the honour to welcome you on behalf of this Chamber of Princes as our President and hope that your term of office will be one which will secure for the Ruling Princes of India their just rights and establish their relationship with the Crown on even a firmer basis than ever.

Before I move the official Resolution welcoming the Viceroy—our President—I would like to say what is in the minds of us all, namely, that our welcome to Lord Willingdon of course includes the gracious Lady, his consort, who, though not formally present among us, is gracing the

occasion and is thus able to listen to our words of warm and cordial welcome. We are all sensible of her friendly interest in us, and we are all very grateful for it. The women of India, we are sure, rejoice to have her back in the country. During all the years she has spent out here, she has worked incessantly for their good. You see her hand in all the activities directed to the amelioration of the conditions of life in India. We all wish that her noble efforts in the cause of India may be crowned with success.

I now move the Resolution for the acceptance of this House.

> "The Chamber of Princes offers a hearty welcome to His Excellency Lord Willingdon on his assumption of the office of Viceroy and Governor General of India, and tenders its sincerest good wishes to His Excellency".

His Highness the Maharaja of Patiala: Your Excellency, Your Highnesses; It gives me great pleasure to second the Resolution so well moved by my brother His Highness of Bhopal. The welcome, which we are offering today, is not a conventional welcome but one to a tried friend who loves and is loved by the best of India. Your Excellency, and if I may venture to refer also to Your Excellency's noble consort, are no stranger to India. Your Excellency gave us the best years of your life, and you laid therein the foundations of the new understanding between England and India, embodied in the conception of the Willingdon Sports Club. Moreover, the unparalleled expression of popular approval which greeted the announcement of Your Excellency's appointment was a clear index that, at this most crucial period of our history, India needed and welcomed Your Excellency as the representative of the Crown.

Your Excellency, with due deference, you have already justified our expectations. The wise and firm, though sympathetic handling of affairs, characteristic of Your Excellency's policy, has already had its salutary effect in this country. Everyone is beginning to feel where he stands, and the public opinion is fast recognising that through channels of constitutional and ordered activity, the political future of this country is assured, in the shortest possible time, under Your Excellency's sympathetic lead.

Your Excellency, your wise and farsighted handling of the Princes' relations with the Crown calls for no comment. You have proved for the Princes of India a friend in need and therefore a friend indeed, and you have, by subordinating red-tapeism to the true British instincts of justice and fairplay, brought the Princes of India nearer to the British Crown and evoked in them a sense of confidence and security, that they will receive justice, which is at this juncture the most valuable asset in the relations of England and India. Moreover, Your Excellency has displayed that, through friendly persuasion and advice, and by convincing them of the intrinsic fairness of any proposal, you can secure far more and cheerfully from the Princes than has been or can be possible otherwise. And I feel I can confidently assure Your Excellency that the Princes of India will strengthen your hands and will stand by a friend who deserves and commands their respect.

Your Excellency, India stands today at the parting of the ways, and the events have already proved, which many of us who have had the privilege of Your Excellency's friendship already know, that England could not have done better and fairer to India than to send an international Statesman of Your Excellency's courageous and constructive imagination to guide India's destiny at this juncture. We know that the problems before us

are indeed grave, but we have full faith that with your established sense of fair play and sympathy and constructive statesmanship, you can deliver the goods and will deliver the goods worthy of the best traditions of India and England.

To me, however, the great achievements already made by Your Excellency are no surprise, and the sincere whispers, which I often hear amongst my brother Princes and my British Indian friends, that Your Excellency is great, are not unexpected. I know that Your Excellency is a first-rate sportsman, and we all know what a sportsman will do and what he cannot do. Beyond this I need not say, because the depth and sincerity of my personal affection and gratitude for Your Excellency, and the great confidence and friendship which I have always received from the Willingdons defies description.

But in offering Your Excellency our sincerest welcome and best wishes, I am sure that this House would unanimously like to convey that welcome and those best wishes equally cordially to Her Excellency Lady Willingdon. India has hailed her as a true friend, and her great personality always commands the affection and respect of the best in India. She has given a new life to movements for women and child welfare and for the revival of Art and friendly understanding between England and India, which is perceptible in everything connected with her and the Viceroy's House. She is richly entitled to the gratitude of India for this all, but equally so, for her efforts, though unfortunately often unsuccessful, to see that Your Excellency does not overwork yourself and at times allows yourself the freer atmosphere of a flying plane high above the wrangles of men on earth.

With these words, Your Excellency, I give you a cricketer's best wishes who knows that as a first rate cricketer Your Excellency will play the game and play it well.

His Highness the Maharaja of Bikaner: Your Excellency, Your Highnesses; I desire, in just a few words, respectfully to associate myself with this Resolution.

Many of us have longed for many long years to see Your Excellency back in our midst as Viceroy; and today I believe that—not only in our life-time, but at any rate for a considerable time past—we have the pleasure of welcoming to India a Viceroy who—by virtue of the other high offices under the Crown which he has held in India in the past for a period of no less than eleven years or so—knew India well, and had already given ample evidence of his sympathy for the Princes and people of this Country, and won great respect and personal popularity—indeed affection—and one with whom many of us have had the honour of forming lasting friendships.

May I here be permitted also to refer to the gracious and incomparable personality of Her Excellency the Countess of Willingdon, who too has equally won universal popularity and esteem and all our hearts, and also to the world-wide fame which Your Excellencies' renowned hospitality has gained?

Human nature being what it is, great hopes are always entertained of a Viceroy, as in the case of other high personages, with whom people are to be brought in close official relationship. Some of these hopes have at times been realised; some otherwise. But, starting as we have done with the Viceroyalty of Your Excellency, who comes as no stranger

to the problems of India, and with what we already personally know of you, I trust that I shall be absolved from any intention of paying any idle compliments, or being guilty of flattery, if I venture to say that our hopes and expectations will not go in vain in Your Excellency's case. If I am not trespassing on the privilege of His Highness the Chancellor who, during this Session, is to move a separate Resolution may I add that we save nothing but the most happy memories and the most grateful recollections of our associations with Your Excellency in the past year, and how particularly grateful are all the Princes and States for the great frankness and the very real personal contact you have established, and—as I said only a few days ago in Bikaner—for the great trouble and pains which Your Excellency has been pleased to take in so thoroughly and patiently thrashing out in our meetings for many hours of many days certain questions of the utmost importance to us and our States and subjects, and first and foremost in regard to Paramountcy, as well as for the great sympathy and sense of justice and fairplay which you have displayed.

Need I say that Your Excellencies will have with you both now and for all time in the future, our best wishes—as you have always had them in the past? May Providence bless you with health and real success during your Viceroyalty at this most important of all junctures, and may you be the means of strengthening the bonds that bind the Princes and people of India to Great Britain and the Empire, and, above all, to the Person and Throne of our beloved King-Emperor.

His Highness the Maharaja of Navanagar: Your Excellency, Your Highnesses; It is with particular pleasure that I rise speaking on behalf of the Western India States to associate myself with the resolution of welcome to Your Excellency which has been moved and seconded in such cordial terms: for it has been my honour and privilege to count Your Excellency and Her Excellency Lady Willingdon, among my personal friends, for these many years. I do not feel that this is the time, nor perhaps the occasion to recall the foundations of that which is among the most cherished of my friendships; for it is my privilege today to welcome Your Excellency in your official position as President of our Chamber, as the most distinguished living servant of the King-Emperor, as the honoured incumbent of the most responsible official position, which even our own great Empire can boast. Hence it is that I resist the temptation to address Your Excellency as the fine sportsman, the warm friend, the wise counsellor, whom many of us are privileged to respect and to love in your private life; and I will confine these brief remarks to the more formal, if no less notable, aspects of Your Excellency's public functions. All who know Your Excellency would grant that in practice the two aspects cannot be divorced; and that it is just because you have shown the world what an English nobleman can be, that the world has afforded Your Excellency those opportunities for Imperial service of which you have so brilliantly availed yourself.

Seldom, I think, since the representatives of the British Crown have been called to rule over this great country, has there been a Viceroy who has brought to his task the ripe and varied experience which distinguishes Your Excellency. Among your predecessors, there have been men who have won their spurs in many fields. There have been men who have risen from the ranks of the Public service: there have been men who

have governed an Indian Province: there have been men who have occupied the foremost positions in the self-governing Dominions of the Crown. But so far as I am aware, Your Excellency is the only Viceroy who, after governing two great Presidencies and after representing the King-Emperor in the most ancient of the great Dominions, has been called to accept that office which, as we are glad to think, is at once the proudest, the most honourable, and may I add, the most responsible, in the British Commonwealth of Nations.

It has been said and I have seen it in print, that a Viceroy usually spends his first two years in mastering his work: his second two years in redressing errors of administration and policy: and his last year in constructive endeavours. Your Excellency's eleven years' experiences in Bombay and Madras have saved you from the necessity of undergoing the first or what I may term for want of a better word probationary period: your brilliant record of success, both in India and in Canada, provides an assurance that in your case the second, or rectificatory period will be also eliminated and we already know, from the record of these last two months that Your Excellency has commenced straightaway to embark upon that period of constructive endeavour which your predecessors less richly endowed in previous experience of this country could only attain in the last few months of their Viceroyalty.

Your Excellency, in the work which you are doing, you command our highest admiration, just as you can at all times reckon upon our warmest co-operation. I know I am speaking for my Brother Princes as well as myself when I say, that we all feel that in you, India as well as the Empire has got the right man in the right place. The mere fact that you are at the helm, inspires us with confidence: for we know that the ship of state can never, even in these difficult times, make demands upon your skill, your experience, your wisdom, which cannot without difficulty be met. In conveying to Her Excellency Lady Willingdon and yourself, our warm and cordial welcome, we can wish you no better fortune, we can give you no greater mark of our esteem, than to express our complete confidence that your work as Viceroy will, in the judgment of history, appear merely as the inevitable sequence, as it will be the brilliant culmination, of your work as Governor of two of the greatest Presidencies.

Your Excellency, the Princes of India stand behind you, not merely because you represent the King-Emperor, but because you are a man they trust and love. Upon such help and co-operation as it may be in our power to afford, you can always rely: and you carry along with you our warmest good-wishes, our most affectionate esteem.

His Highness the Maharaja of Alwar: Your Excellency, Your Highnesses; I am reminded to-day of an occasion, eleven years ago, when I was asked by the Prime Minister of England, in a friendly conversation, what I thought were the primary qualifications needed in a Viceroy. I told him that he had asked me a conundrum that would require a lengthy explanation. He said, however, that he wanted me to answer him in a few words. I told him that in my estimation two qualifications are needed in a Viceroy, namely, courage and imagination. Now, I want to analyse both these points. Governing consists of ruling and administering with both hands—firmness and strength meaning courage on the one hand and sympathy and good will, with plenty of imagination, on the other.

It is curious that that question should have been asked of me at the time when I believe many congratulations reached His Excellency in Canada on his appointment as Viceroy, and I happen to know how that opportunity was just missed by a neck to neck race. We might say, some people do say, that if His Excellency had been out here 11 years ago, with the policy that he is pursuing and which we see vividly before us, perhaps none of these troubles, none of these difficulties would have occurred. Whatever might have been the position, nevertheless we should have been deprived on that occasion of one opportunity, namely, of His Excellency presiding, as he does now, at the helm of affairs to work out the most important constitution for India which will send it ahead towards its goal. I feel certain that that goal could not have been achieved at that time, at so early a stage, but now His Excellency has applied himself forthwith on this important task, and I personally for one feel certain that all the big questions that are on the anvil will pass through the mill before very long, and that His Excellency will be the first constitutional Viceroy of British India as he already is and will remain the best friend of the Indian States.

Another qualification, some regard for such a distinguished post, is one of popularity, but on that point I do not lay too much stress, for popularity, it seems to me, can sometimes be gained by accepting all other peoples' opinions and not following your own and doing everything that others wish and not necessarily what you may think the right thing yourself to do. That is certainly not the popularity that His Excellency has earned in the 10 years of tenure in the distinguished offices which he held in Bombay and Madras. On the other hand, one can say that the popularity which His Excellency has earned in both Indias, British and Indian States, was certainly due to his charm and strength combined and his never failing courtesy, besides, as we have known from some of our meetings, his never failing temper in discussions.

His Excellency possesses two great virtues also, which I think many of us may well learn. One is that of perennial and eternal youth: the other is the cheerfulness with which His Excellency tackles all the most difficult questions that come before him. I think, with these two qualifications, we may be sure that all difficulties which come on the horizon will fade away, and the silver lining will bring India to her goal, of which no one will be more proud than His Excellency the Viceroy, the President of our Chamber.

I now wish to turn to Her Excellency Lady Willingdon and just say this much—that I know what a great assistance Her Excellency is in the important task and the difficult work that lies before His Excellency. That extraordinary dynamic force is an inspiration, and something that one can look to in order to achieve great success. But apart from that Her Excellency possesses also that wonderful graciousness and charm which I do not like speaking of in Her Excellency's presence, but which nevertheless makes people to do many things which they want to do, and sometimes even things that they do not want to do. I won't speak on this occasion of my personal friendship with Their Excellencies. I will leave that to a future occasion when I shall have the privilege of welcoming Their Excellencies to my home. But on this occasion I wish to wind up my speech with the remark that I do not believe there are any in this house, who are sincere well-wishers of our country, who do not wish both Your Excellencies every success in your endeavours in order,

first, to establish peaceful administration in the country, and, secondly, to prepare the ground for inaugurating the reforms for which undoubtedly Your Excellency's Viceroyalty will go down unrivalled and absolutely uncompared with any other before.

His Highness the Maharaj Rana of Jhalawar: Your Excellency, Your Highnesses; I am delighted to associate myself with this resolution. His Excellency the present Viceroy, if I may be permitted to say so, is entitled to our sincerest welcome and best wishes. This is so, not merely as a courteous expression due from this House to the Representative of His Majesty the King-Emperor. But, in this case, it is also a spontaneous index of our sincere sentiments for a great British Noble-man, who has proved himself a tried and trusted friend of India and of the Indian Princes. This friendship, in His Excellency's case, is not a mere hollow gesture of political expediency. The best of India knows him intimately, and proudly owns him as a friend; and His Excellency commands our respectful friendship by deeds and achievements which live and cannot be forgotten.

Your Excellency, let me say with due deference, that even during these few months of your Viceroyalty, you have made a rich and valued contribution to the History of India. You have set yourself assiduously, with your tried sympathy to an early and satisfactory solution of India's constitutional problem. You have, inspite of its unpleasantness at times, applied yourself courageously to the maintenance of Law and Order which must be the supreme function of every conscientious Ruler and Administrator. Your Excellency has introduced a new phase in the Princes' relations with the Crown, by inspiring a feeling that with Your Excellency at the helm of affairs, they can always look forward to sympathetic fairplay, and have only to come to Your Excellency with cards frankly and fully laid on the table, and justice shall be ensured. I feel confident that by progressive and beneficent administrations within our States, we shall strengthen Your Excellency's hands further and justify and deserve this policy and your friendship.

Your Excellency, these are great achievements for which you deserve well of India and the Empire. But even apart from these political and administrative avenues, India and England will, I submit, have reasons to be grateful to the Willingdons, for the great cultural and social understanding between the East and the West, which is steadily but surely coming under the inspiration of Her Excellency Lady Willingdon. Her Excellency, as we all know, if I may say so with due respect, loves the best that is in India, and with her great and commanding personality is already bringing the best in India nearer to the best in England and the West. And, when through Your Excellency's constructive guiding of affairs, India soon finds an honoured place as a member of the British Commonwealth, developing the happiness and prosperity of its people through the surest and best avenues of ordered progress, I feel confident that the cultural understanding and social friendships now being forged under Her Excellency's inspiration, will prove a stronger tie than any political or constitutional formulæ.

His Highness the Maharaja of Rajpipla: Your Excellency, Your Highnesses; It gives me very great pleasure to support the resolution so ably moved by His Highness the Chancellor and seconded by Their Highnesses of Bikaner, Patiala, Alwar and Nawanagar.

It is needless for me to add anything to all that has been said so fully by Their Highnesses, about the great qualities of His Excellency, but I cannot refrain on this occasion from touching a personal note.

I have had the honour of knowing His Excellency ever since he took up the reins of office of the Governor of Bombay Presidency and which he held with such great ability and success and I have the feelings of deepest gratitude for the kind and valuable guidance and help he gave me in the beginning of my career.

Their Excellencies have proved themselves to be very great friends of our Order, and the Ruling Princes of Bombay, who have always been in very close touch with them feel a great pride and genuine satisfaction in associating themselves in this most hearty welcome to Their Excellencies.

Both the country and our Order are to be most sincerely congratulated at their having at the helm of affairs, at this, the most critical juncture in the history of India, a statesman of such wisdom, wide sympathies and great ability as His Excellency.

His Highness the Chief Saheb of Sangli: Your Excellency, Your Highnesses; I esteem it at once a pleasure and a privilege to support the resolution of welcome to Your Excellency on which His Highness the Chancellor and others of Their Highnesses who preceded me have spoken with their usual eloquence and ability. Hailing from Bombay, I feel particularly glad to join my voice with Their Highnesses in welcoming Your Excellency, when you preside for the first time over the session of the Chamber of Princes. It is no ordinary pleasure that we from Bombay have felt in welcoming back to India, one who held the high office of Governor of the Presidency, and in that capacity so completely won our hearts. It is a matter of gratification and pride to us to find that Your Excellency, who vouchsafed your friendly interest to us, should have been called upon to fill the highest post in the gift of the Crown. We in Bombay will always cherish the memories of your contact with us. We have known, felt and experienced the warmth of Your Excellency's personality through the hard crust of officialdom that surrounds a high dignitary. These associations have become part of us and grown with us now for over nineteen years, and we, therefore, take a pride in welcoming you as an old and tried friend in your present exalted office.

Your Excellency brings to your task vast experience garnered in important places in different parts of the Empire. During the eleven years which Your Excellency spent in India, Your Excellency not only acquired personal acquaintance with the problems that are agitating the minds of the people, but also endeared yourself to vast multitudes of people by your unfailing tact and sympathy. The period was further marked by great zeal on Your Excellency's part for modernising and humanising the administration. It was thus in the fitness of things that the selection of Your Excellency as Viceroy should have been hailed throughout India with a degree of joy and satisfaction not reached in the past, as a true friend of the country.

The situation in India is the most exacting and difficult that has ever been seen in this land. But instead of deterring you from this immense extension of responsibility, it has on the other hand evidently induced you to undertake this burden, and that at a time when others would consider they have earned retirement. The assumption by Your Excellency of a task of exceptional difficulty and gravity after a long life of strenuous

work is an eloquent testimony not only to your public spirit and patriotism, but may I say, also to your unsurpassed love of India, and will always be a standing inspiration to all true lovers of India to come forward to do their bit in the realisation of the great ideal which actuates Your Excellency. Aptly has the Prime Minister said that the appointment of Your Excellency as Viceroy is an earnest of Britain's intention to face the Indian problem.

The present is the most momentous stage in the political advance of this country, which has been rendered difficult, delicate and complicated by the clash of interests and the din of controversy. Lord Irwin strove hard with patience and devotion for five laborious and most disturbing years to bring about a lasting basis of understanding and good-will between England and India. But the difficulty and gravity of the task at the present moment, it is common knowledge, have, instead of diminishing, increased several times. Your Excellency has been grappling with the situation in a manner which must evoke admiration and gratitude. We know how anxious Your Excellency is to dispel mistrust and suspicion, to get them replaced by trust and confidence and to restore peace and contentment. We also know that Your Excellency is doing your utmost to expedite the work going on in this country in pursuance of the decisions taken by the Round Table Conference in England. It is difficult to conceive anything more arduous, more trying or more stupendous than the task that has fallen to Your Excellency's lot, in repressing lawlessness and at the same time pushing forward the building of the constitution. I feel sure that when the dust and heat of the controversy have disappeared, the memorable services which Your Excellency is rendering to India and the Empire at the present moment will live in the immortal pages of history.

Your Excellency is already aware of the loyalty and devotion of the Indian Princes to the Crown and their appreciation of the high destiny they owe to their connection with the British Empire. Your Excellency knows it well that they are as anxious as ever to do all that they can to help the restoration of co-operation and confidence between India and the Empire in the present situation and to take their legitimate share in any measure of constitutional advance which may be considered best for the ultimate good of India. I need hardly assure Your Excellency that the smaller States, though their individual resources may be small in comparison with those of the provinces of British India and the larger States, have as proud traditions of loyalty and devotion as any other and will yield to none in their determination to serve the cause of India and the Empire. We feel confident that British genius will find means to overcome the present difficulties and obstacles, and that under Your Excellency's wise guidance a solution will be found which will have due regard to the welfare of the Princes not excluding Rulers of the smaller States.

I wish to extend my welcome to the gracious Lady who is such a solace and support to Your Excellency in these days of stress and strain. We know that Her Excellency the Countess of Willingdon is of the greatest assistance to Your Excellency in overcoming difficulties and alleviating the anxieties of your high office. In Her Excellency, a bounteous nature has carried sweetness, tact and sympathy to perfection which is rarely seen in other persons. Her Excellency has already devoted herself to the mitigation of human suffering and improvement of social life in India, and I feel sure that India will be able to make large strides in the sphere of humanitarian work under her direction and guidance.

Let me assure Your Excellency that with vivid recollections of your great kindness, sympathy and friendship, in the past and at present, we are full of faith, hope and optimism that your efforts for raising India to her legitimate position will be crowned with success and that your kindness reinforces our determination to serve His Majesty in such humble way as we are capable of. In conclusion I pray that Providence may bless Her Excellency the Countess of Willingdon and Your Excellency with all health and strength to enable you to support the heavy responsibilities of your exalted position.

The Chief of Jamkhandi: Your Excellency, Your Highnesses; It is with great pleasure that I take this opportunity of tending my most hearty welcome to His Excellency Lord Willingdon as Viceroy of India, by supporting this Resolution moved by His Highness the Chancellor. The reasons for welcoming His Excellency on this occasion are too obvious to require any explanation. His Highness the Chancellor has no doubt given expression by this Resolution to what our whole Order feels about His Excellency and in supporting him I am doing nothing but my humble duty. The Bombay Princes, however, have got a special claim to join hands with His Highness the Chancellor in this respect as His Excellency was at one time the Governor of our Province. As one of the Rulers of the Bombay States, therefore, I think it a special privilege to accord my whole-hearted support to this Resolution. Besides, it is a matter of personal pride to me to state that His Excellency was the first Governor to visit my State and his relations with my State and my late father were very cordial and personal.

His Excellency's experience regarding matters of India in general and of States in particular is very vast and it would not be too much here to say that we are sure that His Excellency's appointment as Viceroy at such a critical time would prove immensely useful in removing the difficulties which our Order in general and some of us in particular have to face.

With these few words, I tender my whole-hearted support to this Resolution.

The Chief of Phaltan: Your Excellency, Your Highnesses; I rise to support a resolution which really needs no support. I am sure it has the unanimous hearty support of the whole House. My only justification for adding a few words is that we from the Bombay Presidency have a sort of special claim upon Your Excellency. The foundations of Your Excellency's illustrious career were laid in our province. The exceptional nobility and ability which led to Your Excellency's present exalted position became known to all, when Your Excellency was Governor of Bombay. It was then that the Great War broke out; but India was fortunate in having at that time two statesmen of rare tact and sympathy at the helm of affairs—I mean Your Excellency and Lord Hardinge. They almost commanded the loyalty of Princes and people alike, right from their heart, which saved that difficult situation.

The present times are also such as need no less courage and sympathy. The Princes are at the threshold of such constitutional changes as they have never witnessed since their treaties with the British Crown. We therefore feel obliged to His Majesty's Government that they have sent

cut for our guidance a statesman who is so fully conversant with our problems as no body else could have been and who has spent almost his lifetime in knowing our difficulties and solving them sympathetically. We Bombay States being a long way removed from Delhi have, if I may say so, the disadvantages of distance against us. But Your Excellency has an intimate knowledge of our peculiar position and problems and we feel ourselves brought near to Delhi as we have never before. We therefore feel confident and encouraged about the future of our Order.

I therefore heartily welcome Your Excellency and join in supporting this resolution.

His Excellency the Viceroy: I am sure Your Highnesses will sympathise with me in my feeling of some embarrassment that the very first Resolution that I have to put before you is of such an extraordinarily personal nature. But this is my constitutional duty and I will therefore ask Your Highnesses if it is your pleasure that this Resolution be passed.

(The Resolution was carried unanimously.)

His Excellency the Viceroy: Before I turn to my address this morning I should like to express to Your Highnesses my most grateful thanks for that expression, if I may say so, of confidence in the Viceroy which you have displayed by this unanimous voting, and if I felt embarrassment in putting this Resolution to you a few moments ago I can assure you I feel the most overwhelming embarrassment in responding at all to the extraordinarily charming and graceful language which the mover, seconder and supporters of this Resolution have used in expressing their welcome to my wife and myself on undertaking these great duties which we are trying to perform. With regard to myself I can quite sincerely say that Your Highnesses' expressions have been of far too generous and far too flattering a character. My successes, if I have had any successes, in my public life have been very largely due to the fact that I have round me, and have always had round me, good friends, good supporters, the best possible of advisers. And in this connection perhaps I may be allowed to say that from long experience I endorse every word that Your Highnesses have said with regard to Her Excellency, my wife, and I am delighted to feel that Your Highnesses, like myself, have got such a very clear realisation of her many admirable and diverse qualities. I would only add one word on this matter and it is this, that such words as you have expressed in your speeches to me this morning are a great help, an enormous encouragement in assisting me in carrying on the difficult and diverse duties which fall to the Viceroy of India at the present time.

His Excellency the Viceroy: Your Highnesses: It is wholly unnecessary for me to express the great pleasure that I feel in presiding for the first time in my position as Viceroy at this the eleventh meeting of the Chamber of Princes, a pleasure which is much enhanced by the fact that I am meeting and greeting today a number of Your Highnesses whom I can claim as my close and valued friends, and by the further fact that during many years of public service in India I have always been able to take a keen and active interest in all matters connected with your Order. I have already during the past eleven months experienced the manifold advantages obtained from informal discussions with many of Your Highnesses and I welcome this new opportunity of being associated with your more formal deliberations on the many vital and important matters now engaging your attention.

Since its last sessions in March 1931 your Chamber has lost by death three of its members. Only on Saturday last I heard that His Highness the Maharaja of Cochin had passed away. He succeeded to the *gaddi* in 1914 on the abdication of His Highness Raja Sir Rama Varma, whose death we also have to deplore, and he attended Your Highnesses' early Conferences in 1916 and 1919. Since then failing health had been his portion and he has taken no part in the formal meetings of the Chamber. His Highness the Maharaja of Idar in the Bombay Presidency was my old and valued friend and the news of his sudden death almost at the moment when he had come to welcome me at Bombay was a great shock to me on my arrival. As Governor of Bombay I recollect spending my first Christmas in India under his hospitable roof. A man of conservative ideas, he stood somewhat apart from the stream of modern progress and I am told that he had never attended the sessions of your Chamber. A Rathor Rajput—he inherited the martial traditions of his race and served the Empire in Egypt during the Great War.

His Highness the Maharaja of Benares, who died within the last few months, had, I am informed, twice attended the sessions of your Chamber. He was a Ruler of the best type, just, high-minded and caring above all things for the progress and prosperity of his people. Since the Benares State was formed in 1911 I think it is true to say that he proved himself to be a distinguished and worthy member of Your Highnesses' Order. Both Your Highnesses and the Chamber are poorer by his loss.

I must also refer to the death of His Highness the *ex*-Raja of Bilaspur. Afflicted by ill-health he had for some years before his death abdicated his high office in favour of his son and had resided in retirement at Benares. Nor can I omit a reference to Their late Highnesses, the Senior Maharani Regent of Gwalior, and the Maharani Regent of Dhar, who have both died within the year while carrying out devotedly and successfully the task of administration in the interests of the minor Maharajas. Both ladies were distinguished by their high sense of duty and justice and have nobly vindicated the high tradition of Indian womanhood in positions of authority and responsibility. I am sure Your Highnesses will join with me in expressing sympathy with all the bereaved families and in welcoming to your Chamber those of their successors who have assumed the duties and responsibilities of the high positions to which they have been called.

At the meeting of the League of Nations Assembly held in 1931 for the first time a State Minister and not a Ruling Prince represented the Indian States. With kind permission of His Highness the Maharaja of Kapurthala, Khan Bahadur Dewan Abdul Hamid was enabled to undertake this duty and I am informed that he carried out his onerous and responsible labours with great success and distinction. He has shown at Geneva that not only the Ruling Princes of India but their Ministers also can hold their own with the counsellors of other nations. I feel sure that Your Highnesses would wish to express your appreciation of the manner in which Khan Bahadur Dewan Abdul Hamid had discharged his responsibilities on your behalf.

I notice in your Agenda that there is a proposal before Your Highnesses to alter certain of the Articles in the Constitution. I am given to understand that the system of having Substitute Members for the Standing Committee was only initiated a year ago, and there has therefore not been any long period in which to test the merits or disadvantages of the system. On general principles I should have been inclined to suggest to Your

Highnesses to give the present conditions a little more time to be tested before making the changes that are proposed. I fully appreciate that your object is, of course, to secure a quorum of the Standing Committee at all times and this can doubtless be obtained by increasing the number of your members; and it is perhaps less invidious to be a full member of the Standing Committee than to occupy the position which has hitherto been designated "Substitute Member". On the other hand, it is a general experience that Committees can be too large, and though I am not prepared to say that nine is an excessive number, still the despatch of business tends to be more expeditious where the numbers are fewer. With these general remarks I am quite content to leave any decision on this matter to Your Highnesses who no doubt appreciate better than I can your feelings on this question.

Only one meeting of the Standing Committee of your Chamber has taken place since its last session. I need hardly say that this does not imply on the part of its members any neglect of your interests or failure in their responsibilities. And here I should like to make one observation of a personal character, and assure you that if there has been any delay or neglect in advancing the consideration of the many detailed points that Your Highnesses have, as I well know, so much in your minds, the fault has not in any way been due to His Highness, your Chancellor, for I can personally say that I know it for a fact that from the moment I landed at Bombay he has never been weary in well doing in these matters on Your Highnesses' behalf, and I can sincerely pay my tribute to his untiring zeal and energy in his endeavours to secure decisions on the various problems. The last year too has been so occupied by the special problems of the Round Table Conference that many of the topics now under discussion in the Standing Committee have necessarily required to be put aside temporarily. Many of them are directly affected by problems of Federation and cannot hope for final solution until these have reached a decision; while others are not of the same urgency and importance as those connected with Federation. Most of the members of the Committee have also been in Europe as members of the Round Table Conference itself, and it has been difficult to arrange meetings for this purpose until after their return. I understand however that at the meeting held earlier in this month useful progress has been made in certain of the weighty matters that have been for some time past under discussion with my Political Department. I am informed that one of them relating to acquisition by the Ruling Princes and Chiefs of non-residential property in British India has achieved the record of a tenth Summary; it is now being placed before the Chamber and let us hope that after so many re-births it will at last earn *Nirvana* by a final settlement! I am glad to learn also that it has been possible to meet Your Highnesses' wishes in certain matters, in which the exercise of railway jurisdiction by my Government within your territories had been causing you practical inconvenience.

If however the volume of work from the Standing Committee for presentation to the Chamber is smaller than the normal, I think I can claim that we have made considerable progress in two other directions, which are of great interest to Your Highnesses.

The Committee on Ceremonial appointed by the Standing Committee to examine these special matters has expended considerable time and labour in discussion both with myself and my Political Secretary, and we

have on many points reached agreements which will, I hope, prove satisfactory to Your Highnesses when the time comes to present the final results to the Chamber. It has unfortunately been impossible to complete them in time for the present session, but I have every hope that they will be ready for your consideration at the next meeting of the Chamber.

I have also recently had the benefit of discussions with your Standing Committee on the very important question of Paramountcy and here too I think those who were present will agree that we have advanced a long way towards agreement in many of its aspects. I cannot now give you details, since it is obviously undesirable to discuss them at the present stage; but I have every confidence that before the meeting of the Chamber next year we may be able to announce a clear policy in this matter, for I know well that it is a question which has greatly exercised your minds for some time. If I were to give you in very general terms my views of the main obligations under Paramountcy of the two parties concerned, I would express it in the following manner. The Viceroy as representing the Crown has the duty of maintaining to the States the absolute security of their rights and privileges which have been assured to them under their Treaties, Sanads and Engagements, and if necessity arises to give protection to any ruler; while the rulers on their part have the duty of administering their States in a sound, satisfactory and progressive manner for the welfare and benefit of their subjects, which will strengthen their position under their Treaties and, let us hope, render entirely unnecessary the effective protection of the Crown. Let me add that I hope and believe that the result of our deliberations will be to remove many of your anxieties and to resolve most of your difficulties, and confirm in a practical manner the assurances frequently given to you in the past of the inviolability and security of your position under your Treaties, Sanads and Engagements.

In these days when efforts are widely made to subvert law and order through this country, it is my duty to give you all possible assistance in maintaining your lawful authority and this I am determined to do. I acknowledge gratefully the many messages that have reached me from members of your Order approving my decision to enforce law and maintain order at all costs in British India and offering any assistance that may be required. You, I am sure, recognise that the States cannot stand entirely apart from their neighbours in British India for disorder and lawlessness, if unchecked, must spread from the one to the other. Your Highnesses therefore are closely concerned with the stability of conditions beyond your borders, just as in the converse case, unsettled conditions in the States may have their repercussions in British Provinces. It cannot therefore be said that in conveying to me your sympathy and approval in the policy which I have been compelled regretfully to adopt within the last few months, you are intervening in matters that do not concern you. Moreover Your Highnesses realise as well as I do that force and repression cannot be an end in themselves, and that I have only adopted them so as to produce conditions in which we may be able to proceed with the details of the great constitutional changes that are impending, and under which it may be possible to introduce and work them successfully. It is in the firm belief that we shall before long be able to inaugurate a new era in the constitutional history of this great country that I am determined at all costs to secure and maintain the peaceful conditions under which alone such progress may be made. Any other path can lead only to chaos and he would indeed take a heavy responsibility who allowed India to

slide into that abyss. I am grateful in the knowledge that I can count on the help of all Your Highnesses in my efforts to ensure the orderly progress of India to her appointed destiny.

As an earnest of your intentions I welcome the Resolutions in the second part of your Agenda relating to a federal scheme. Nearly two years have elapsed since in London your representatives took the momentous decision to join an all-India Federation and to co-operate with the representatives of British India in working out its details. An idea so attractive has appealed strongly to all interests concerned and the strength of their belief that it is the best solution of a most difficult problem is demonstrated by the energy and enthusiasm with which during the last eighteen months they have all laboured to remove the many difficulties lying in its path. It is a mistake to underestimate or be blind to these difficulties. Many interests are involved and of these some are conflicting, but there has, I am thankful to say, been throughout a realisation that they must not be permitted to block the path towards the ideal and that a solution for them must be found. Believe me, I sympathise keenly with your doubts and misgivings which are inevitable when changes of the magnitude and importance such as these have to be undertaken. You desire what is best for India as a whole, but each one of you is naturally concerned to see that the new conditions will not imperil your own existence or that of the systems of government which you believe to have still much of value to contribute to the progress of your own country. The time for consideration has doubtless apbeared short when compared with the importance of the issues involved and I must congratulate Your Highnesses on being able within it to reach what I understand are agreed conclusions on most of the main points. If, as I hope, the Resolutions upon the Agenda receive the approval of your Chamber, a great step will have been made towards the settlement of the problem. There have been times when the prospect of such settlement has seemed remote and it is a source of keenest satisfaction to me that with the wise and able assistance of your Ministers you should have reached decisions not inconsistent with the early establishment of a federal system in India. I know nothing, so far, beyond the terms of the Resolutions as placed on the Agenda paper, but I shall wait with lively interest their further elucidation in the course of your discussions. I am glad that I may look forward to future meetings of this Chamber where we can take counsel together for the further progress of this great scheme. But I cannot imagine a more important or critical session than this at which it is my pleasure and privilege to preside for the first time. It is difficult to visualise the time when the Indian Princes had no common forum for discussion of questions of joint interest to them all, but events move rapidly in a modern world and what appeared to be a startling innovation of yesterday becomes the ordinary commonplace of today. The exberience of Your Highnesses in this direction in your own Chamber may, I would suggest, make you ready to face the prospect of still further constitutional changes with courage and confidence. Change must always seem doubtful to minds nurtured in a conservative tradition. But political wisdom consists in realising that new conditions require new measures and remedies and that our intellects and judgments have been given us to decide which path offers the more advantages and the less danger and to choose it accordingly. In ending my introductory remarks at this my first session of your Chamber, I would express the hope that you will enter upon it inspired with courage as well as caution and with an earnest desire for

the common weal both of your own people and that of Greater India, of which you form a part.

Agendum No. 2.

Resolution of condolence by His Highness the Nawab of Bhopal on the deaths of Their Late Highnesses the Maharajas of Cochin, Benares and Idar, His late Highness the ex-*Raja of Cochin and the* ex-*Raja of Bilaspur.*

His Highness the Chancellor: Your Excellency, Your Highnesses; it is the sad duty of the Chancellor of the Chamber of Princes to move the Resolution recording the sorrow of the Chamber at the loss of some of its members whom Death has removed during the course of the year. His Highness the Maharaja of Cochin who passed away only two days ago was a most distinguished Member of our Order who was held in the highest esteem by all. His Highness the Maharaja of Benares, a venerable and universally respected member of our Order is, alas, no more. The Maharaja of Idar passed away in the prime of his life, and it is saddening to think that a personality so full of life should have been lost to our Order at so early an age. The deaths of the abdicated Raja of Cochin and of the Maharani Regent of Gwalior though they were not members of this Chamber are matters of great sorrow to the members of our Order. His late Highness of Cochin followed the ancient Indian tradition of retiring from the throne after his 60th year. He was not only a distinguished Ruler but a man of profound scholarship and wide human sympathies. The late Raja of Bilaspur was well known to many of us and his sad demise is a grievous loss to our Order. Her Highness the Maharani Regent of Gwalior carried on the administration of that important State for over seven years after the death of her illustrious husband and achieved much distinction in that capacity. Her death is indeed a sad loss which I know will be very widely mourned. I do not desire to prolong the painful feelings which must necessarily be aroused in the minds of Your Highnesses at the thought of those of our brethren who have departed from this life. I therefore move the following Resolution for Your Highnesses' unanimous acceptance.

"The Chamber of Princes records its heartfelt sorrow at the lamentable demise of Their Highnesses the Maharajas of Cochin, Idar and Benares, His late Highness the *ex*-Raja of Cochin and the *ex*-Raja Saheb of Bilaspur, together with the sense of the loss thereby sustained by the entire Order of Princes, and offers its sincerest sympathies and condolences to the bereaved families."

His Highness the Maharaja of Navanagar: I will not waste the time of this House by making a lengthy speech. I heartily agree with His Highness the Nawab of Bhopal in all the kind things he has said about those who have gone from among us. Therefore I have the pleasure of seconding the resolution.

His Excellency the Viceroy: The resolution proposed and seconded by His Highness the Chancellor and His Highness the Maharaja of Navanagar reads:—

"The Chamber of Princes records its heartfelt sorrow at the lamentable demise of Their late Highnesses the Maharajas of Cochin, Idar and Benares, His late Highness the *ex*-Raja of Cochin and the *ex*-Raja Saheb

of Bilaspur together with the sense of the loss thereby sustained by the entire Order of Princes and offers its sincerest sympathies and condolences to the bereaved families".

Is it your pleasure that the resolution be passed?

(The resolution was carried unanimously, all standing.)

Agendum No. 3.

Resolution of welcome by His Highness the Nawab of Bhopal to their Highnesses of Travancore, Cochin, Bhavnagar, Idar and Benares, the Nawab

(The resolution was carried unanimously, all standing.)

His Highness the Nawab of Bhopal: Your Excellency, Your Highnesses; It is my pleasant duty to welcome into our midst Their Highnesses the Maharaja of Travancore, the Maharaja of Bhavnagar, the Maharaja of Benares, the Maharaja of Cochin, the Maharaja of Idar, and the Nawab Sahib of Loharu and the Thakore Saheb of Rajkot who have become Members of this Chamber during the current year. The addition of these new Members to our Chamber would, I am sure, add to our strength. They have been called upon to assume the great duties, obligations and privileges falling upon them as Rulers of important States at a most critical time, when the old order in India is fast changing. The position of the States at this momentous time in the history of India is one which causes very natural anxiety to our entire Order. The Rulers whom we are privileged to welcome today will be faced with vital issues affecting the future of their great and noble inheritance. I have no doubt that they are fully alive to the great responsibilities which they are called upon to shoulder.

This Chamber opens for them a wider field of activity, of close co-operation with Members of their own Order and an opportunity to serve the Empire, their own Motherland and the States as a whole. I am fully convinced that by their zeal and enthusiasm as well as by their interest in the affairs of our Order which we discuss in this Chamber, they will endear themselves to their brother Princes and become towers of strength to our cause. I now beg to move that:

"The Chamber of Princes offers its heartiest congratulations to Their Highnesses the Maharajas of Travancore, Bhavnagar, Benares, Cochin, and Idar, and the Nawab Saheb of Loharu and the Thakore Saheb of Rajkot on their assumption of powers and welcomes them all in its midst wishing them a long and prosperous reign."

His Highness the Maharao of Cutch: I beg to second the resolution which has been proposed by His Highness the Chancellor.

His Highness the Maharaja of Jodhpur: It is with genuine pleasure that I rise this morning to support the resolution which has been ably moved by His Highness the Chancellor in extending to Their Highnesses the Maharajas of Travancore, Cochin Bhavnagar, Benares, and Idar and the Nawab Saheb of Loharu and the Thakore Saheb of Rajkot a warm and sincere welcome to this Chamber.

His Excellency the Viceroy: The resolution proposed, seconded and supported reads "The Chamber of Princes offers its heartfelt congratulations to Their Highnesses the Maharajas of Travancore, Cochin, Bhavnagar,

Benares, and Idar and the Nawab Saheb of Loharu and the Thakore Saheb of Rajkot on their assumption of powers and welcomes them all in its midst wishing them a long and prosperous reign".

Is it your pleasure that the resolution be passed?

(The Resolution was carried unanimously.)

His Highness the Maharaja of Travancore: Your Excellency, Your Highness the Chancellor and Your Highnesses; I feel honoured as well as touched by the cordial welcome that has been accorded to me by my brother princes and by the expressions of kindly comradeship that have accompanied the welcome. On such an occasion I can and shall say no more than this, that it will be my endeavour to maintain our traditions and to co-operate under the ægis of the Crown in the great tasks of preserving our individuality and our heritage and simultaneously of working for the common good and uplift of our country. It is my good fortune to have inherited from my illustrious predecessors a settled and progressive system of administration working in close contact with my people and in sympathy with their needs and aspirations. It will be my ambition and my happiness with the good will of His Excellency the Viceroy and your sympathy to proceed along these lines and to fulfil my responsibilities to my people and the Motherland.

This concluded the proceedings of the day.

PROCEEDINGS OF THE SECOND DAY.

The 29th March 1932.

The Chamber of Princes assembled at the Princes' Chamber, Council House, at 11 A.M. on Tuesday, the 29th March, 1932. His Excellency the Viceroy presided.

The following Ruling Princes and Chiefs were present:—

Central India.

His Highness the Nawab of Baoni.
His Highness the Nawab of Bhopal.
His Highness the Raja of Jhabua.
The Raja of Khilchipur.
His Highness the Raja of Narsingarh.
His Highness the Maharaja of Panna.
His Highness the Raja of Sailana.
The Raja of Sarila.
His Highness the Raja of Sitamau.

Rajputana.

His Highness the Maharaja of Alwar.
His Highness the Maharaja of Bikaner.
His Highness the Maharaj Rana of Dholpur.
His Highness the Maharawal of Dungarpur.
His Highness the Maharaja of Jaipur.
His Highness the Maharawal of Jaisalmer.
His Highness the Maharaj Rana of Jhalawar.
His Highness the Maharao of Kotah.

Punjab States.

His Highness the Nawab of Bahawalpur.
The Nawab of Loharu.
His Highness the Nawab of Malerkotla.
His Highness the Maharaja of Patiala.

Western India States.

His Highness the Maharao of Cutch.
His Highness the Maharaja Raj Saheb of Dhrangadhra.
The Chief of Jasdan.
His Highness the Maharaja of Navanagar.
The Thakor Sahib of Palitana.
His Highness the Raj Saheb of Wankaner.

Bengal.

His Highness the Maharaja of Tripura.

Bombay.

The Raja of Banada.
His Highness the Nawab of Cambay.
The Chief of Jamkhandi.
His Highness the Maharaja of Kolhapur.
The Raja of Lunawada.
The Chief of Phaltan.
His Highness the Maharaja of Rajpipla.
The Nawab of Sachin.
His Highness the Chief of Sangli.
His Highness the Sar Desai of Savantwadi.

Bihar and Orissa.

The Raja of Dhenkanal.
The Maharaja of Mayurbhanj.
The Raja of Talcher.

Central Provinces.

The Raja of Korea.
The Ruling Chief of Surguja.

Punjab.

The Raja of Baghat.
The Raja of Kalsia.

United Provinces.

His Highness the Maharaja of Benares.
His Highness the Raja of Tehri-Garhwal

Agendum No. 4.

To receive a statement form His Highness the Nawab of Bhopal reviewing the work performed by the Chamber during the past year.

His Excellency the Viceroy: I will call on His Highness the Chancellor to present the statement of the work done by the Standing Committee.

His Highness the Nawab of Bhopal: Your Excellency, Your Highnesses; I rise to submit to Your Highnesses my report on the work of the Chamber during the past year.

Your Highnesses are well aware that during the year under report the Standing Committee of the Chamber was pre-occupied with important questions of constitutional reform arising out of the Round Table Conference. Therefore it was not possible for us to devote the time necessary for the settlement of certain questions which were under discussion with the Political Department. Only one meeting of the Standing Committee could be held during the year under review, and that Committee sat on the 5th, 6th and 7th of March, 1932. The following questions were discussed at this meeting:—

1. Acquisition of non-residential property in British India by Ruling Princes and Chiefs.
2. Question of the inclusion of the talukas of Mansa, etc., in the electorate for representative members of the Chamber of Princes.
3. Question of vesting the Governments of Indian States with the authority to exercise censorship over telegrams.
4. Construction of Dams in Indian States.
5. Settlement of Boundary Disputes between Indian States.
6. Grievances of the Indian States arising out of the existing administrative arrangements for the exercise of jurisdiction in railway lands in Indian States.
7. Principles of compensation in the event of a railway being constructed which adversely affects the interests of an existing railway or tramway.

Out of these items, the question of the acquisition of non-residential property has been disposed of, and I shall later formally submit the recommendations of the Standing Committee for the consideration and acceptance of the Chamber.

The question of the inclusion of the talukas of Mansa, etc., in the electorate for representative members which was under the consideration of the Standing Committee has since been referred for further examination to a small Committee of Princes, assisted by the Political Secretary to the Government of India, which will report to His Excellency the Viceroy.

The question of censorship over telegrams is still under discussion and I trust that ultimately a satisfactory solution will be reached. It is proposed

that a deputation of Princes should pursue the discussion of this important matter with His Excellency.

The question of the construction of dams was discussed at a joint conference of our Ministers and the officers concerned of the Government of India in July, 1931. Later, it was felt that further consideration of this matter would be necessary after the Standing Committee has had an opportunity of taking legal advice on the subject. I hope before the end of this year we shall have advanced matters sufficiently to place before Your Highnesses a result which you might be disposed to accept.

In regard to the question of the settlement of boundary disputes, the opinions and suggestions of Your Highnesses' governments were invited by the Political Department on the draft rules framed by the Committee of Ministers and amended in 1929. And it is now proposed to have the rules further scrutinised in the light of the replies received.

The question of retrocession of jurisdiction over railway lands was fully discussed and the difficulties were stated and appreciated. I am glad to be able to report to Your Highnesses that the Government of India have agreed to take immediate action with a view to removing at least some of our administrative difficulties. The details of the arrangements proposed will be communicated to Your Highnesses by the Chancellor's office in due course. Briefly, they provide for:

i. dealing with offenders on railway lands;

ii. the issue by State officers of licenses for carrying arms on railway lands by our subjects;

iii. frequent and regular touring by Railway magistrates for the convenience of State subjects;

iv. retrocession of sovereignty to the States as distinguished from jurisdiction in cases where lands had been ceded in full sovereignty for railway purposes.

The main question of the retrocession of jurisdiction requires to be further examined, and this is being done. It is expected that a settlement will soon be reached.

The question of compensation in the event of a railway being constructed which adversely affects the interests of an existing Railway or Tramway has been referred to a Committee consisting of the Ministers of railway-owning States and others especially interested in it.

Besides the questions enumerated above, the Political Secretary discussed the following matters informally with the Standing Committee:—

i. Proper arming of the Police forces of the States;

ii. Training of cadets for Indian State Forces at the Royal Military College, Sandhurst;

iii. Difficulties experienced by the Indian States as regards the armament of their armies and police.

iv. Special Service Officers for Indian State Forces required for mobilization.

v. Question of the financial liability of Indian States for deportation of French Indo-China subjects.

In regard to the proper arming of the Police, I am glad to be able to inform Your Highnesses that the Government of India have now agreed to remove many of the difficulties which we have been experiencing.

Discussions on the other questions are in progress and some ground has already been covered. It is hoped these discussions would be concluded before long.

Apart from these, the questions of Paramountcy and Honours have also been carefully examined. Under the direction of the Standing Committee I addressed a Communication to His Excellency the Viceroy and forwarded notes embodying our general opinion on these matters. The question of Ceremonial Honours was afterwards formally discussed with the Political Secretary by a special Committee, consisting of Their Highnesses of Kashmir, Bikaner, Patiala, Alwar and myself. The discussions have revealed many points of agreement and I hope that with the sympathetic support of His Excellency the Viceroy, these matters may be carried through to a successful conclusion. When this hope is realised, Your Highnesses will agree that the relations between the Ruling Princes of India and the Representative of the Crown will be much happier.

The important question of Paramountcy was the subject of prolonged discussions between His Excellency the Viceroy and the Standing Committee, and it is hoped, as His Excellency announced yesterday, that the result of our deliberations will be to remove many of our anxieties and to resolve most of our difficulties, and confirm in a practical manner the assurances frequently given to us in the past of the inviolability and security of our position under our Treaties, Sanads and Engagements.

This Chamber will no doubt express, at a later stage, its profound thanks in a formal Resolution, but I should not fail to express my personal sense of obligation to His Excellency, our President, for the sympathy and consideration which he showed in dealing with this question.

In conclusion, I must express my sincere thanks to the members of the Standing Committee for their unstinted co-operation and valuable assistance which they invariably gave me in the task that lay before me as Chancellor. I am specially thankful to His Highness the Maharaja of Patiala who at great personal inconvenience acted as Pro-Chancellor in the absence of His Highness the Maharao of Cutch and myself. I must also express my thanks to Their Highnesses of Sangli and Dungarpur who worked as substitute members of the Standing Committee.

Last but not least, I am thankful to our friend, Sir Charles Watson and the Political Department, for the courtesy and consideration with which they have collaborated with us in the work of the Chamber.

In the end I also wish to announce for the information of Your Highnesses that I am not seeking re-election as Chancellor of the Chamber of Princes and I shall retire from the high office at the conclusion of this session of the Chamber.

His Highness the Maharaja of Kolhapur: Your Excellency, Your Highnesses; It is with feelings of very great pleasure that I rise to propose the resolution that this Chamber records its appreciation of the work which the Standing Committee has done since its appointment. Their work during this period has been of the most difficult nature. They have had to tackle not only questions which have arisen since the creation of this Chamber and have been left on the list of matters under consideration,

but also those involving the most momentous issues affecting the well-being of the States as well as of India as a whole. In resolutely shouldering this important task they have proved themselves fully worthy of the trust which this Chamber reposed in them. They have shown their capacity to deal with those questions in a manner as may well entitle them to be called constitutional lawyers. When I say this, I am making no false praise of their work. Your Highnesses, who have shown interest in subject of the coming Federation, do well know how they have acquitted themselves. Just the other day while some of us were having what I would call a holiday, they were at their table from very early in the morning to a late hour at night, discussing the Ministers' report on the various proposals made by certain of Your Highnesses. This is but only one of the many occasions when they have been called upon to labour so hard. As Your Highnesses are aware, like us all, they have also to look to their own administrations. To perform this double task requires no little self-sacrifice apart from other numerous inconveniences and discomforts it entails. Further the Committee found time to investigate thoroughly, prepare and discuss such vital questions as Paramountcy and Ceremonial Honours. I am sure we all are satisfied to know from His Excellency the Viceroy's speech and His Highness the Chancellor's Report that good progress was made in the discussions held. And therefore it is our duty to offer to them our sincerest thanks for the most efficient manner in which they have borne their responsibilities. The scheme which has emerged from the Round Table Conference and especially the safeguards which all of us are so very anxious to secure are all the outcome of their earnest labours for the whole order of Princes, big and small, and I feel that we should be failing in our duty if we were not to express our sense of gratitude to them for all they have done for us. I feel sure I am only echoing the feelings of this Chamber in moving this Resolution for Your Highnesses' acceptance.

With these words I beg to move the following Resolution:—

"That this Chamber records its appreciation of the work done by the Standing Committee and its gratitude for the services rendered by Their Highnesses who belonged to it."

His Highness the Maharaj Rana of Jhalawar: Your Excellency, Your Highnesses; I have great pleasure in seconding the resolution so well moved by His Highness the Maharaja Saheb of Kolhapur. This year has called for extraordinary tact, labour and foresight from our representatives on the Standing Committee, and we all know in what distinguished manner they have discharged their important task. Most of Their Highnesses on the Standing Committee at great inconvenience and loss of time and expense spent many months away from their homes and States in the service of our Order, of India, and of the Empire. The pages of the Federal Structure Committee's report and the reports of what was passing behind the screen bear eloquent testimony to their faultless advocacy of our cause and, of their patriotic efforts in the interests of India and of England. They have been ably assisted by distinguished ministers from Indian States whose work shall always receive our sincere appreciation. Here in India His Highness the Pro-Chancellor has with dynamic force, helped to prepare public opinion amongst Indian Princes regarding the many important issues confronting them, and we have had the testimony of no less a person than Your Excellency, confirmed by other independent successes, of the

constructive contributions of His Highness the Chancellor and his able colleagues helping to evolve a settlement of the delicate questions regarding ceremonials and paramountcy. These are great achievements on which they are entitled to our gratitude. But more so for the truly noble and princely lead they have given us at this bewildering juncture of our history by coming to almost unanimous agreement on most of the essential points involved in the Indian Princes' attitude towards federation. Your Excellency, I feel sure that the Indian Princes have reasons to be proud, and England and India are fortunate, that at this important period of our history the representatives of the Indian States consisted of such a selfless and patriotic band which includes Their Highnesses on the Standing Committee. We all wish them Godspeed in their efforts, and as a humble token of our gratitude I feel confident that this Chamber will unanimously record the resolution.

His Excellency the Viceroy: After hearing the statement by the Chancellor of the work done by the Standing Committee a vote has been moved by His Highness the Maharaja of Kolhapur and seconded by His Highness the Maharaj Rana of Jhalawar to express their warm vote of thanks to the Standing Committee for the work done during the past year. Is it Your Highnesses pleasure that that vote be approved?

(The resolution was carried unanimously.)

His Highness the Chancellor: Your Excellency, Your Highnesses; Before moving a vote of thanks to Dewan Abdul Hamid for the presentation of his report, I beg, on behalf of His Highness, the Pro-Chancellor, and my other colleagues of the Standing Committee, to tender our gratitude to Their Highnesses of Kolhapur and Jhalawar for their generous remarks and offer our grateful thanks to this Chamber for their vote of thanks.

Agendum No. 5.

To receive from His Highness the Nawab of Bhopal the report circulated by Khan Bahadur Dewan Abdul Hamid, regarding his work as a representative of India at the last meeting of the League of Nations.

His Highness the Nawab of Bhopal: Your Excellency, Your Highnesses; As Your Highnesses are aware, Dewan Abdul Hamid, with the kind permission of His Highness the Maharaja of Kapurthala, was sent to Geneva last year to represent the States at the League of Nations. He has submitted his report to me as Chancellor, and I lay it on the table.* It may be taken as read.

I think a good precedent has been established that one of our Ministers may represent the States, and we hope that it will be followed. But certain points have to be cleared up in regard to the representation by Ministers which no doubt will be done with the sympathetic support of His Excellency the Viceroy.

I think we should express our appreciation of the very creditable manner in which Dewan Abdul Hamid acquitted himself as our representative at the League of Nations. I now move that our thanks and expression of our appreciation should be conveyed to Dewan Abdul Hamid.

*Appendix.

His Highness the Maharaja of Bikaner: Your Excellency, Your Highnesses; I beg to second the vote of thanks proposed by His Highness the Chancellor to Khan Bahadur Diwan Abdul Hamid for his splendid work at the League of Nations. I am personally more than pleased to see a precedent created for the Ministers of our States to represent us at such International and, I hope, Imperial gatherings, and although there will be some points which will have to be settled further in this connection, I have nothing but pleasure in seconding this motion.

His Excellency: Is it Your Highnesses' pleasure that this vote be passed?

(The Resolution was carried unanimously.)

This concluded the proceedings of the day.

APPENDIX.

Statement by Khan Bahadur Diwan Abdul Hamid, C.I.E., O.B.E., regarding his work as a representative of India at the last meeting of the League of Nations.

The official report of the Indian Delegation was duly submitted to the Right Honourable the Secretary of State for India. The statement is by no means exhaustive and merely presents for the information of the Chamber of Princes a resumé of the salient features of the proceedings of the 12th Assembly and a brief description of the activities of our Delegation.

The composition of the Indian Delegation was as follows:—

Delegates.

Sir Brojendra L. Mitter, Kt., Leader of the Delegation (Law Member of His Excellency the Governor General's Executive Council).

Khan Bahadur Diwan Abdul Hamid, C.I.E., O.B.E. (Dewan, Kapurthala State).

Sir Denys Bray, K.C.S.I., K.C.I.E., C.B.E. (Member of the Council of India).

Substitute Delegates.

Sir Jehangir Cooverjee Coyajee, Kt. (Professor, Presidency College, Calcutta).

Rao Bahadur Sir Annepu Parashuramadas Patro, Kt. (former Minister for Education, Excise, Public Works and Registration, Madras).

Dr. Lodhi Karim Hyder (Professor, Muslim University, Aligarh, now member of Public Services Commission of India).

The Delegation with the exception of Sir Denys Bray and Rao Bahadur Sir A. P. Patro, who joined us in London, sailed from Bombay on the 8th August 1931. Shortly after our arrival in London the Delegation assembled in the India Office for its preliminary meeting. At this meeting which was presided over by Sir Brojendra Mitter, Leader of the Delegation, allocation of the members to the various Committees of the League Assembly was provisionally settled. The Delegation re-assembled in Geneva on the 4th September 1931.

On 7th September the session of the Assembly opened with the reading of the inaugural address by Senor Lerroux, the Foreign Minister of Spain and President of the League Council. He reviewed the League's activities in the past year. At the conclusion of his speech it was

announced that the Governments of Great Britain, France, Germany, Spain, Italy and Japan had proposed that the Assembly should invite Mexico to become a Member of the League. This was followed by the election of M. Titulesco, Delegate for Roumania and Roumanian Minister in London, as President of the Assembly for the second year in succession, winning a narrow victory by 25 votes to 21 over the veteran Count Apponyi of Hungary. The re-election of M. Titulesco marked a new departure and was a signal tribute to the efficiency with which the President had conducted the proceedings of the Assembly in the previous year.

M. Briand (France), Lord Cecil (British Empire), M. Yoshizawa (Japan), Dr. Curtius (Germany), Count Apponyi (Hungary), and Dr. Restrepo (Columbia) were elected Vice-Presidents. The Chairman of the six main Committees were as follows:—

Committee.	*Chairman.*
First (Constitutional Questions) .	M. Scialoja (Italy).
Second (Technical Organisation) .	M. Janson (Belgium).
Third (Disarmament) . . .	M. Munch (Denmark).
Fourth (Secretariat and Finance) .	M. Politis (Greece).
Fifth (Social and Humanitarian) .	His Excellency Khan Ala (Persia).
Sixth (Political)	M. Motta (Switzerland).

In addition to the six main working Committees of the Assembly, there were, as usual, constituted a General or Business Committee, consisting of six Chairmen of the main Committees, the six Vice-Presidents of the Assembly and the Chairman of the Agenda Committee; and a Credentials Committee, consisting of 8 members.

The representation of India on the six main Committees is shown in the following table:—

COMMITTEE I.

Legal and Constitutional Questions.

Chairman:—M. Scialoja (Italy); . . . Delegates of India:—
Sir B. L. Mitter;
Sir A. P. Patro.

COMMITTEE II.

Technical Organisations.

Chairman:—M. Janson (Belgium); . . . Delegates of India:—
Sir Jehangir Coyajee;
Dr. L. K. Hyder.

COMMITTEE III.

Reduction of Armaments.

Chairman :—Dr. Murash (Denmark) : . . Delegate of India :—
Sir Denys Bray.

COMMITTEE IV.

Budget and Financial Questions.

Chairman :—M. Politis (Greece) ; . . . Delegates of India :—
Diwan Abdul Hamid:
Sir A. P Patro.

COMMITTEE V.

Social and Humanitarian Questions.

Chairman :—His Excellency Khan Ala (Persia) ;. Delegates of India :—
Dr. L. K. Hyder ;
Sir J. C. Coyajee.

COMMITTEE VI.

Political Questions.

Chairman : -M. Motta (Switzerland) ; . . Delegates of India :—
Diwan Abdul Hamid ;
Sir Denys Bray.

The circumstances in which the 12th Assembly met were far from encouraging. It met under the shadow of a world-wide economic depression coupled with an alarming financial crisis. The clouds of war in the Far East overhung its concluding stages. This Assembly would have come to an end within 3 weeks, had not the discussion of the concrete proposal for a 12 months Armaments Truce put forward by Signor Grandi, the Italian Foreign Minister, made it necessary to prolong the proceedings for a further couple of days.

It was natural that the speeches in the course of the general debate should reflect general anxiety over the economic and financial crisis and a hope that the impending Disarmament Conference would lead to desired results. Sir B. L. Mitter, Leader of the Indian Delegation, spoke twice in the full Assembly. On the first occasion he supported a resolution moved by Lord Cecil, expressing sympathy with China in her recent disasters He laid stress on ties of neighbourhood and our ancient and

common civilisation and offered on behalf of India an ungrudging tribute of sympathy. In his second speech Sir Brojendra expressed India's firm belief in the ideals of the League. He referred to the problem of reduction of armaments and expressed a hope that the Conference which was going to meet next February would achieve satisfactory results. He went on to point out that the world slump was as important as the problem of Disarmament. At the suggestion of the Indian Delegation in the previous year the problem of economic depression was subjected to a close study under the auspices of the League during the current year but depression had since grown in severity and he recommended not only a continuation of that study but also investigation of the means of putting the fruits of that study into concrete effect. He dwelt on co-operation between the League's Health Organisation and India and also on our mutual intellectual co-operation. He spoke of the activities of the League in the East during the previous year, mentioning, in particular, the assistance the League was giving to China in the midst of her troubles and the visit to India of that great Economist Sir Arthur Salter. He hoped that the future activities of the League would conclusively show that the criticism that the League was more interested in problems of the West than of the East was not justified. It is gratifying to observe that at the 12th Assembly the Indian Delegation was afforded ample scope for activity and it is noteworthy that on this occasion the position of India was recognised to a greater extent than was previously the case in respect of appointment to the various speical Committees set up by the Assembly. Dr. Hyder was elected to the Agenda Committee of the Assembly, which consists of only seven members. He was selected by the Committee to be its Vice-Chairman and was subsequently elected Chairman in place of M. Bellegarde (Haiti) who was prevented from attending the Assembly. This important appointment carried with it membership of the General Committee, or Bureau, of the Assembly. Sir J. C. Coyajee was elected member of the drafting Committee of Committee VI appointed to draw up a report on the Commission for European Union. Sir A. P. Patro was elected to a Sub-Committee of Committee I appointed to draw up a report on the Nationality of Married Women, and to a Sub-Committee of Committee IV which dealt with the question of contributions to the expenses of the League which were still in arrears. In Committee V, I was elected to the Sub-Committee which dealt with Slavery. Finally, India was one of the overseas States invited to sit on a Special Committee to be convened by the Council to study the question of a Pact of Economic Non-Aggression. Between 20 and 30 speeches were made by the Indian delegates, and some account of the principal of these will be found in the official Report the Delegation has submitted to the Right Honourable the Secretary of State.

As stated above I represented the Indian Delegation on Committee IV, Budget and Financial Questions and Committee VI, Political Questions. In these Committees I spoke more than once. On the Budget Debate in the 4th Committee I followed the tradition of the previous Indian Delegations of pressing for effective retrenchment in the expenses of the League and endorsed the proposal to refer the budget to the Supervisory Commission for further scrutiny. I referred to the statement of the Chairman of the Supervisory Commission in which he had explained the financial position of the League with great earnestness and clarity, and

to that in which the Secretary-General had enlightened the Committee as to the action he had already taken to reduce expenditure. Both these statements showed clearly that the need for meticulous caution in the future financial commitments of the League and for drastic economy and retrenchment in its expenditure was imperative without a shadow of doubt. The Chairman of the Supervisory Commission had evinced no hesitation in taking the Committee into his confidence, and no attempt was made to refrain from painting the situation in its true colours.

As regards India's payment of her annual contribution, I stated that notwithstanding the heavy figure of her contribution and her adverse financial situation there has never been any failure or remissness in meeting her League obligations. With regard to the policy of economy and retrenchment, I was glad to observe that the general sense of the Committee was in full accord with the attitude of the previous, and the present, Indian Delegations. In 1926 a resolution was passed on the motion of the Indian Delegation with the object of stabilising the expenditure of the League at the level of that year, namely, 25 million francs. In 1928 a further effort was made in the direction of securing economy. Unfortunately that effort met with partial success, and this year again showed a rise in the total budget for 1930 amounting to 28 million francs, that for 1931 to 31½ million francs, and the first estimates for 1932 amounted to 35½ million francs. It was true that, making allowance for the cost of the Disarmament Conference and the development of liaison with China, the first budget for 1932 was in reality smaller than that for 1931. The Assembly now, however, found itself faced with a supplementary budget for ½ million francs. It was a source of lively satisfaction to the Indian Delegation that the League Budget was, as a result of the efforts of the Supervisory Commission and the 4th Committee, substantially reduced.

Interesting discussion on the problem of slavery took place in Committee VI in which I was able to take a more or less active part. The British Empire Delegation had been defeated last year, both over a proposal to set up a permanent Slavery Commission and a modified proposal to revive the temporary Slavery Commission that had sat in 1924 and 1925. Their first intention had been to reintroduce their original proposal, but in view of the financial situation of the League it was soon apparent that they would have little chance of success. They therefore proposed only the revival of the temporary Slavery Commission, reserving the right to return another year to the principal proposal for the creation of a special bureau. In an interesting speech Lord Lytton stated that slavery still existed in 12 countries and that the number of slaves was estimated at five millions. The proposal was opposed by Portugal.

In the course of my speech, I supported the British proposal particularly as the cost of it was to be as low as possible. There was no slavery in India. It had existed in the so-called non-administered areas of Burma; but in the last five years the Indian Government had sent expeditions to those areas, and slavery and human sacrifice no longer existed there. I suggested that one of the members of the Committee proposed by Lord Lytton should be a representative of Oriental countries. I supported Count Apponi's suggestion that the Emperor of Abyssinia should be congratulated on his action against slavery.

The question was then referred to a Sub-Committee consisting of delegates from Denmark, Belgium, British Empire, Spain, Abyssinia, France, India, Italy, Liberia, the Netherlands and Portugal. This Sub-Committee met under the chairmanship of the Netherlands delegate. The proposal of the British Delegation was supported by the representatives of Denmark, India, Liberia and Spain, but certain doubts were expressed as to the expediency of reappointing the Temporary Commission on Slavery, as to its practical value and as to its correctness from a legal point of view. After the exchange of views the Sub-Committee unanimously agreed on a draft resolution which was finally adopted by the Assembly. It requested the Council to appoint for one year a small Committee of experts to examine the material upon slavery which had been supplied or transmitted by Governments since the signature of Convention of 1926. This Committee would submit to the Council suggestions with a view to recommending to the next Assembly the measures of assistance which the League of Nations could render to those countries which had agreed to abolish slavery and which requested such assistance.

Noteworthy events of the 12th session were the acceptance by Mexico of an invitation to join the League, the Italian proposal for the Armaments Truce, the participation of representatives of the Governments of the United States of America, Turkey and other States outside the League in the consideration by the 3rd Committee of the foregoing Italian proposal and the outbreak of the dispute between China and Japan over Manchuria. The Italian proposal for an immediate truce in armaments was followed by a resolution submitted by Denmark, Norway, the Netherlands, Sweden and Switzerland, which urged the Governments invited to the Disarmament Conference to show their firm determination to support the efforts to ensure peace and re-establish mutual confidence by abstaining, pending the result of the Conference, from any measure leading to an increase in the present level of their armaments. The French struck a discordant note and expressed the view that before any such agreement as that proposed could become effective it would be necessary to hold a conference to decide the definition of the difference between increasing and maintaining armaments. In the drafting Committee a great effort was clearly made to produce a text to which the French would agree, and the full Committee did not meet again till Monday, the 28th September. The Chairman then explained that the drafting Committee had been unable to reach an agreement and M. de Madariaga, the rapporteur, stated that the trouble had been that while some delegations wished to put a definite stop to the growth of armaments others did not wish to arrest programmes already begun or sanctioned. Lord Cecil then tried to clear the ground by pointing out that there was general agreement on the idea of a one-year armaments truce beginning from the 1st November, and suggested that Governments should declare their readiness to refrain from an increase in armaments, though there would be no objection to replacements. He was generally supported by M. Motta (Switzerland), but M. Sato (Japan) insisted on a reservation regarding programmes already arranged. The matter was then again referred to the drafting Committee, which finally produced a resolution requesting the Council to ask Governments to state before 1st November 1931 whether they were prepared for a period of one year from that date to refrain from any measure involving an increase in their armaments. After a long meeting this was accepted subject to a passage in the Committee's report to the Assembly explaining that the undertaking would not be incompatible with the regular execution

of programmes for the maintenance and renewal of land, naval and air material or of fortifications, and the formation of the necessary supplies. Persia abstained from voting and Chile stated that she could not take a decision within the specified period. The resolution was adopted at the final meeting of the Assembly on Tuesday, the 29th September.

The Assembly was placed in a very difficult position by the Manchurian imbroglio. Fortunately, neither party to the dispute approached the Assembly on the subject and the League Council remained in session after the close of the Assembly to tackle the problem.

The work of the Commission of Enquiry for European union set up in the previous year was criticised in two respects. It was said, first, that it was constantly setting up committees whose functions overlapped those of existing organs of the League, and secondly, that it utilised League time, money and organisation for exclusively European objects. It had been under the auspices of this organisation that proposals for European agricultural credits and special preferences for the absorption of European grain surpluses had taken concrete form during the past year. The validity of the first criticism was demonstrated by the fact that most of the questions with which the Commission were concerned were promptly referred to the Second Committee, which deals with economic and financial questions. As regards the second, the attack on regional arrangements under the cloak of the League begun by Sir B. L. Mitter in the full Assembly and pressed by Sir J. C. Coyajee in the Second Committee, was carried home by the latter in Committee VI, where he received strong support from Japan and Persia. In a speech on the 15th September he said that there could be no doubt whatever that the working of the League and of the Commission of European Enquiry must lead to some waste of effort as they were studying mostly the same problems on parallel lines. To have a study of world economy first on a comprehensive scale and then on a scale proper to only one continent must lead to a diversion of energy. Nevertheless, this diversion would be compensated for and even justified if two conditions were realised. In the first place the European Union might have been an experiment in rapid and decisive action as regards the reduction of customs, timely financial assistance to needy States, the spirit of co-operation in agriculture and of rationalisation in industry; if so, it would have served as a model and a pattern for the rest of the world which would have been a most valuable experiment. But unfortunately the original momentum imparted to the movement by Monsieur Briand had been lost in a great measure and the results were of a much less important character than might have been expected.

The success of the Indian initiative was again seen in the treatment accorded to the Soviet proposal for a Pact of Economic Non-aggression, which had been placed before the Commission for European Union and forwarded to the Assembly. Committee VI and Committee II concurred in referring this proposal to a special Committee consisting of representatives of Australia, Canada, Chile, China, India, Japan and Uruguay and suggested that the Council should be asked to invite the Government of the United States of America to send a representative. In addition, the final resolution presented by the drafting Committee for submission to the Assembly, though approving the continuance of the work of the European Commission, enjoined upon it to have recourse whenever possible to the technical organs of the League, and to refer to the League the settlement of any problems which appeared capable of solution on a world scale.

The social side of the 12th Assembly was greatly marred by the economic factor. The various Delegations were unanimously anxious to curtail social functions within the narrowest limits. Consistently with this policy the Indian Delegation refrained from dispensing hospitality on as liberal a scale as in previous years and in this respect confined itself to a strictly limited number of functions.

In conclusion, I venture to remark that a perfect spirit of co-operation animated the whole Delegation and under the distinguished leadership of Sir Brojendra L. Mitter it discharged its important duties as a well organised team.

PROCEEDINGS OF THE THIRD DAY.

The 31st March 1932.

The Chamber of Princes assembled at the Princes' Chamber, Council House, at 11 A.M. on Thursday, the 31st March, 1932. His Excellency the Viceroy presided.

The following Ruling Princes and Chiefs were present:—

Central India.

His Highness the Nawab of Baoni.
His Highness the Nawab of Bhopal.
His Highness the Raja of Jhabua.
The Raja of Khilchipur.
His Highness the Raja of Narsingarh.
His Highness the Maharaja of Panna.
His Highness the Raja of Sailana.
The Raja of Sarila.
His Highness the Raja of Sitamau.

Kashmir.

His Highness the Maharaja of Kashmir.

Rajputana.

His Highness the Maharaja of Alwar.
His Highness the Maharaja of Bikaner.
His Highness the Maharaj Rana of Dholpur.
His Highness the Maharawal of Dungarpur.
His Highness the Maharaja of Jaipur.
His Highness the Maharawal of Jaisalmer.
His Highness the Mahraj Rana of Jhalawar.
His Highness the Maharao of Kotah.

Punjab States.

His Highness the Nawab of Bahawalpur.
His Highness the Maharaja of Kapurthala.
The Nawab of Loharu.
His Highness the Nawab of Malerkotla.
His Highness the Maharaja of Patiala.

Western India States.

His Highness the Maharao of Cutch.
His Highness the Maharaja Raj Saheb of Dhrangadhra.
The Chief of Jasdan.
His Highness the Maharaja of Nawanagar.
The Thakor Sahib of Palitana.
His Highness the Raj Saheb of Wankaner.

Bengal.

His Highness the Maharaja of Tripura.

Bombay.

His Highness the Nawab of Cambay.
The Chief of Jamkhandi.
His Highness the Maharaja of Kolhapur.
The Chief of Phaltan.
His Highness the Maharaja of Rajpipla.
The Nawab of Sachin.
His Highness the Chief of Sangli.
His Highness the Sardesai of Savantwadi.

Bihar and Orissa.

The Raja of Dhenkanal.
The Maharaja of Mayurbhanj.
The Raja of Talcher.

Central Provinces.

The Raja of Korea.
The Ruling Chief of Surguja.

Punjab.

The Raja of Baghat.
The Raja of Kalsia.

United Provinces.

His Highness the Maharaja of Benares.
His Highness the Raja of Tehri Garhwal.

Agendum No. 6.

Resolution of thanks to His Excellency the Viceroy for having taken up with His Highness the Chancellor and the representatives of the Chamber the questions of Paramountcy and Ceremonials.

His Excellency the Viceroy; I will ask His Highness the Maharaja of Alwar to move the first resolution.

His Highness the Maharaja of Alwar: Your Excellency, Your Highnesses; The Resolution that stands in my name to-day runs as follows:

> "The Chamber of Princes places on record its sincere thanks to His Excellency the Viceroy for having taken up with His Highness the Chancellor and the representatives of the Chamber the questions of Paramountcy and Ceremonials, the early settlement of which is of vital importance to the States and expresses the earnest hope that they will be disposed of satisfactorily at the earliest possible moment."

This Resolution was originally put down in my name but because I happened to be on the Standing Committee then it was proposed that three other Princes who were not on the Committee should speak on it; but I maintained that on such an important occasion and on such a proposition as Paramountcy as well as Ceremonials, particularly the former, it would be difficult for those who were not in the inner precincts of the Chamber to know exactly what had happened, and to realise how the questions had been dealt with. Therefore the Standing Committee were good enough to place this Resolution in my name.

Taking Paramountcy first, to me it seems that this is the fundamental question that lies at the root of all the propositions that come before the Chamber; and once this question is properly understood, I maintain that all other questions will be simplified, for we shall then know exactly what are our respective positions regarding which, let me state, there is no doubt inherently; but in order to clarify the position it has been raised for discussion with Your Excellency.

The question of Paramountcy began when it was known that Mr. Montagu was coming out to India to discuss with Lord Chelmsford the question of Reforms in so far as they affected British India. At that time it was thought vital that Indian States should be prepared with their points of view, and I prepared a small pamphlet dealing with the question of Paramountcy, which I circulated to my brother Princes and others. Since then, the Chamber has dealt with important questions, but that of Paramountcy has loomed large before it. I am very glad therefore to see that, after nearly ten years, the question has come very much to the fore and has actually taken shape and is in a condition to be presented before Your Excellency for discussion with the Standing Committee. It is on the settlement of this fundamental question that a great deal of our future depends; it is on the settlement of this question that we shall, with a much easier mind, enter Federation, regarding which Round Table Conferences have already taken place.

In discussing this problem with Your Excellency only those who have been present at the meetings can realise how very sympathetic you have been and how wholeheartedly Your Excellency has viewed our difficulties

and has come forward to overcome them in so far as it lies within your power to do so. We realise and appreciate that in the settlement of this question lies the settlement of all other important questions including that of Federation, for it is meant to bring out nothing more than a clear exposition of our mutual positions, which, while they may be clearly understood between ourselves may emphasise what our position is *vis-a-vis* the Crown; *vis-a-vis* the British Government. Therefore on such an important question it is only natural that the Princes should lay a tremendous amount of stress, and if I may say so—Your Excellency has taken a broad outlook and a sympathetic point of view thereon, which enables us to come to decisions. We await further discussions but they too have reached a stage that has produced within us a sense of extreme gratefulness for all the labour and kind thought which Your Excellency has devoted to this important cause. Therefore I do not think it is unnatural that we should be inspired at this moment to move a Resolution of thanks for the manner in which Your Excellency has considered this proposition; and we do most earnestly hope that it will come to a final solution early, in order to clarify the issues, before us including the details, in various forms, of Federation.

The question of Ceremonials is also one on which my Order lays considerable stress, for it affects the dignities of the States and of the Rulers; and, if I may say so, I have had my emotions roused to their innermost depths by the expeditious and sympathetic manner in which Your Excellency is dealing with this proposition, the result of which has been that we have already advanced to a considerable degree in coming to agreements and arrangements regarding the future. With regard to the questions that remain to be settled I do not think the Princes are more anxious than Your Excellency to set them at rest once and for all in a satisfactory manner to both sides. Therefore while I am speaking on this Resolution of congratulation, I do not wish it to be understood that my sentiments, or those of the Princes to which I feel sure I am giving voice, are merely an outward expression. They are really the result of our innermost feelings of gratefulness for all you have done and for what we may well have expected of you knowing you as some of us do for the last twenty years and over.

In conclusion, all I have to state is that, while many of the Princes may not know what were the actual subjects and questions discussed, it will become apparent to the members of this Chamber perhaps, as His Excellency stated in his inaugural address, at the next session of the Chamber how they have reason to feel that we have a Viceroy who is wholly sympathetic to our cause and who is dealing with these propositions almost as if they were his own. In this connection, I hope you will not forget Your Chancellor is also working wholeheartedly in our cause, with indefatigable energy and who has brought these points forward in such a businesslike manner. But on this subject I shall speak at a later stage, when I shall move a resolution of thanks to His Highness the Chancellor for his work, and when I shall have some nasty things to say about him.

Your Excellency, I ask that this resolution may be placed before the Chamber.

His Highness the Maharaja of Kolhapur: Your Excellency, Your Highnesses; It gives me very great pleasure to second the Resolution moved by His Highness the Maharaja of Alwar. The questions of Paramountcy and Ceremonials have been exercising the minds not only of the Princes but, I believe, also of Government. It is not easy, I recognise,

to draw a short line defining the functions of Paramountcy and as Your Highnesses are aware the difficulties of the task were clearly before the Butler Committee when they had at last to say that Paramountcy was Paramountcy. Paramountcy carried with it its privileges as well as obligations and responsibilities towards Indian States. On the other hand Your Excellency has indicated in your Opening Address very lucidly and impressively the corresponding duties which the relationship between the Paramount Power and the Indian States imposes on the latter. If those duties are always borne in mind by our Order I have no hesitation in saying that the question of Paramountcy and all that it conveys will present very few difficulties and, as Your Excellency has very rightly remarked, that it will strengthen the position of the Princes under the Treaties and render entirely unnecessary the effective protection of the Crown. Your Excellency's keen and active interest in the welfare of our Order and the wide experience gained by Your Excellency by a personal and friendly contact with Princes in relationship with Bombay and Madras Governments will afford Your Excellency very great help in considering sympathetically the questions of Paramountcy and Ceremonials and we confidently hope that at the meeting of our Chamber next year we shall have the pleasure of receiving at the hands of Your Excellency a satisfactory solution of these vexed questions. Our grateful thanks are due to Your Excellency for indicating in general terms Your Excellency's views regarding the obligations and rights under Paramountcy of both the parties concerned. I have, therefore, very great pleasure in seconding the Resolution moved by my friend His Highness the Maharaja Saheb of Alwar.

The Maharaja of Mayurbhanj: Your Excellency, Your Highnesses; I deem it a special privilege to have this opportunity of supporting the Resolution so ably moved by His Highness of Alwar and seconded by His Highness of Kolhapur. Of the many striking tokens of Your Excellency's abiding solicitude for the well-being of our Order, we most gratefully appreciate the opportunity which Your Excellency has been pleased to afford to His Highness the Chancellor and Their Highnesses of the Standing Committee to discuss with you the important questions of paramountcy and ceremonials.

Your Excellency knows how highly—may I say jealously—we prize honour given and received. Ceremonials are but the outward manifestation. And even as the word bodies forth the idea within the ceremonials stand as the objective symbol of the relations which bind us to His Majesty The King Emperor.

We are today at the parting of the ways—on the threshold of much that may indeed be quite new. Your Excellency is well aware that we are enabled to contemplate these innovations unperturbed in spirit because of our knowledge that our relations with the Crown will continue unchanged. At such a juncture therefore it is but meet that we inwardly realise the full significance—the mutual claims and privileges—involved in those relations.

Constitutions may come and go, institutions may radically change yielding place to new. But there is one thing that shall not suffer change—one thing that shall for ever remain the buttress and bulwark of the Empire and that is the unwavering attachment of our Order to the person of the King Emperor.

It is this thought which prompts us to express our heartfelt thanks to Your Excellency, for having taken up the questions of 'Paramountcy' and 'Ceremonials' with His Highness the Chancellor and Their Highnesses of the Standing Committee.

Your Highnesses, I have great pleasure in supporting the Resolution.

His Excellency the Viceroy: Your Highnesses have heard the terms of the Resolution proposed by His Highness of Alwar and seconded by His Highness the Maharaja of Kolhapur and supported by the Maharaja of Mayurbhanj. Is it Your Highnesses' pleasure that the Resolution be passed?

(The Resolution was carried unanimously.)

I would only say to Your Highnesses once again that I felt considerably embarrassed while listening to the three perfectly charming speeches with regard to Paramountcy and Ceremonials. I am very fully alive—and have been so for many years—to the importance that Your Highnesses lay upon the question of Paramountcy and also upon the assurance that we may clear up certain matters in regard to Ceremonials. I own, if I may be permitted to say so, that I am rather inclined to think that this Resolution is of a previous character, for we have neither finished our discussions with regard to Paramountcy, nor have we completed all our discussions in regard to Ceremonials. I am grateful to Your Highnesses for having taken certain things on trust. I can only assure you that nothing shall be left as far as my endeavours are concerned to try and bring things to a satisfactory conclusion, satisfactory both from Your Highnesses' point of view and satisfactory from the Crown point of view in every possible way. I would only add one word and that is this. His Highness the Maharaja of Alwar did make the remarks that he was grateful to His Excellency the Viceroy for having got through the Ceremonials discussion so expeditiously—not nearly sufficiently expeditiously for His Highness the Chancellor. I would tell Your Highnesses again this morning, as I said before in my opening speech to the Chamber, that from the moment that he and I became associated, he as Chancellor and I as President of the Chamber, he has never ceased, if I may use a colloquial expression, bombarding me with various matters connected either with Paramountcy or Ceremonials. I am considerably an older man than His Highness the Chancellor and have not got the power of rapidity which he still possesses. I have done my best and I can only say that I shall continue to do my best in the joint interest of the Crown and the Indian Princes.

Agendum No. 9.

To receive a statement from His Highness the Nawab of Bhopal regarding the work of the Indian States Delegation to the Round Table Conference.

His Excellency the Viceroy: I call on His Highness the Nawab Sahib of Bhopal to make his statement.

His Highness the Nawab of Bhopal: Your Excellency, Your Highnesses; Before presenting my report on the work of your representatives at the Round Table Conference, I have the honour to read to you the following

message which has been received from His Highness Maharaja Gaekwar who was the Leader of our Delegation in England:—

> "Your Highnesses, the Second Session of the Round Table Conference was held in London last year. Owing to my ill health I was not able to take a full part in it. His Highness the Nawab of Bhopal as Chancellor of the Princes Chamber had to take my place and do the whole work for which we cannot thank him too much. With these few words I commend to Your Highnesses the Report drafted by His Highness the Nawab Sahib."

The Report is now laid on the table and may be taken as read.

REPORT.

The Indian States Delegation to the Round Table Conference was enlarged by the nomination of Their Highnesses of Indore, Cutch and Kapurthala, the Rajas of Korea and Sarila and a representative from Travancore. His Highness the Maharaja of Kashmir who was unfortunately not able to be present at the Conference was represented by Colonel Haksar while Nawab Liaqat Hyat Khan acted as substitute delegate to His Highness of Patiala who was also unable to attend the Conference.

The Federal Structure Committee was summoned to meet in London on the 7th of September. Our representation of the Committee was strengthened by the addition of Their Highnesses the Maharaja of Baroda, the Maharaja of Rewa, the Maharaj Rana of Dholpur, and the Chief of Sangli. The Committee met again in St. James' Palace under the Chairmanship of Lord Sankey. Owing to ill health His Highness Maharaja Gaekwar was not able to take part personally in the detailed work of the Conference throughout and his place in the Committee was taken by his Minister, Mr. V. T. Krishnamachari. As the Chancellor of the Chamber of Princes, I was therefore entrusted with the active leadership of the delegation.

Your Highnesses have been kept fully informed through the weekly bulletins issued from my office of the work done by your delegation in London and therefore it is hardly necessary for me to allude to it at length. The programme put before the Federal Structure Committee by the Lord Chancellor was to fill in the details of the scheme adumbrated last year, especially in regard to the composition, character and powers of the federal legislature, the composition and responsibility of the federal executive, the allocation of financial resources to the Federal Government, the constitution of the Supreme Court and the definition of the safeguards necessary in the transition period in the administration of the Army, External Affairs, and other Crown subjects and in the maintenance of credit and currency. In regard to each of these questions our representatives after discussion in the private meetings of our delegation generally put forward an agreed point of view.

In regard to the Federal Legislature it was our unanimous view that both the Chambers should have co-ordinate authority in every respect, that there should be no difference in powers between the Upper and the Lower House and that in cases of difference which cannot be resolved by the ordinary methods of reference back, a joint session of the two Chambers should be convened. The majority of our Delegation strongly urged in the

terms of the Resolution of the informal Conference of Princes held in Delhi prior to the sessions of the Chamber, that the Upper House should consist of 250 members and that we should be allotted fifty per cent. of the seats, while the Lower House should consist of 400 members and the States should receive 33⅓ per cent. Unfortunately on the question of the Upper House it was impossible to secure unanimity among ourselves as some States expressed with emphasis the view that the Upper House should be a small and a compact body. The Committee ultimately reported in favour of a House of 200 members and allotted to the States 80 seats on the basis of 40 per cent. As soon as this report was published I wrote to the Lord Chancellor the following letter drawing attention to the Resolution of the Chamber and requesting His Majesty's Government to take no irrevocable decision on this point.

"As anticipated there has been considerable dissatisfaction expressed by the Princes in India about the proposal contained in the third Report of the Federal Structure Committee that the numerical strength of the representatives of the States in the Upper Chamber should be limited to 80. I have been receiving numerous cables from India pressing me to ask for at least 125 seats in the Upper Chamber. I understand that His Highness the Maharaja of Bikaner has, in consultation with many of his brother Princes in India, cabled you expressing the same opinion.

"I feel that there is much greater chance of the federal proposals being accepted by a larger number of States, if a larger number of seats than is at present proposed is available for distribution amongst them. You will remember that in the Committee itself I pointed out that the Chamber of Princes had, after full consideration, instructed its representatives to secure at least 125 seats in the Upper House.

"You were good enough to assure us that you will personally undertake to see that the Constitutional guarantees necessary for the maintenance of the rights of the States will be incorporated in the new Constitution. I am confident that we can leave the matter safely in your hands with the assurance that when the time comes the Princes will be consulted and their interests will be fully protected.

"I am emphasising these points only because I am anxious to secure for the proposals which emerge from the discussions at the Conference, the widest possible support from among the Rulers and Governments of Indian States. Whilst the Chamber of Princes is anxious to make the Conference a success, it naturally attaches the greatest importance to the sovereignty and independence of the States and it will, before giving its final consent, examine the constitutional proposals resulting from this Conference primarily with a view to see how far the legitimate interests of all the States have been fully safeguarded, and how far it has been possible, without interfering in their internal affairs, to draw up an All-India Federal Constitution which would guarantee and secure to them their existence through the generations that are to come. In order, therefore, to obtain the widest possible measure of agreement among the Rulers of the

States specially the smaller States and to strengthen the hands of those of us who desire to help in the creation of an All-India Federation, I request you to give your kind and sympathetic consideration to the points to which I have drawn attention in this letter.

"I should very much like to have a quiet talk with you some time before the Prime Minister makes his declaration, and would do so whenever it is convenient to you. I shall be out of London for one day, on Tuesday, the 24th instant."

Representation of States in the Federal Ministry.—In the federal ministry, representation of the States will be secured by a constitutional convention. Besides it is clear that if one-third of the total number of seats in the Lower House is to be allotted to the States, they will form such a compact and powerful body as to ensure to the States an adequate share in Federal administration. The fact that the Upper House in which we shall have 40 per cent. representation, will be co-ordinate in authority with the Lower House would tend to strengthen our position in the Government. On this point, Your Highnesses Representatives are fully satisfied that the interests of the States were adequately protected.

The question of federal finance was explored by a Sub-Committee on which the Delegation was represented by Sir Akbar Hydari, Sir Mirza Ismail, Colonel Haksar and Mr. V. T. Krishnamachari. Even before the matter was referred to a Committee, we had made it clear that no scheme of federal finance will be acceptable to us which (1) included any proposal of direct taxation of our subjects by the Federal Government (2) did not abolish the tributes now being paid by some States and take into consideration the assignments of territory in view of payment by others. The report of the Committee while generally accepting our principle suggested a corporation tax as a source of federal revenue. As this proposal was not in conformity with our view that no direct taxation should be extended to the States, our delegation opposed it in the Federal Structure Committee. Some members of the delegation also held the view that it was not possible for their States to accept or reject the Federal Structure Committee's proposals until (*a*) the full implications of the financial proposals were worked out and made available to them and (*b*) an enquiry was begun into the pending cases of an economic character between the States and the Government of India. These two principles have now been accepted and the Prime Minister's final statement on behalf of His Majesty's Government contained the announcement that committees for these purposes will be appointed as early as possible. Those committees have now arrived in India and are engaged in the detailed examination of some of the questions raised by the delegation.

Federal Court.—The question of the Federal Court which we always considered to be essential in the interests of the States had not been discussed at the last session of the Conference. Our point of view was that the federal judiciary should be established as the joint court of the Crown and the States deriving its jurisdiction by delegation both from the Crown and the States and it should have exclusive and final authority to deal with questions relating to the interpretation of the Constitution, controversy between units of the Federation and between the States and the Federation. The proposal that there should be appeals from the Federal Court to the Privy Council was opposed by us on the ground that such appeals will constitute an infringement of our sovereignty.

On such important questions it was necessary that the States delegation should have at its disposal expert legal advice as the questions which arose in connection with the Federal Court were of a technical character. Therefore after due enquiry, I engaged the services of two eminent constitutional lawyers Mr. Upjohn, K.C., and the Hon'ble Cyril Asquith, whose council and advice were taken by me in regard to these and other questions.

The plenary sessions was held on the 28th of November. The point of view of the States was put forward by many speakers, more especially by His Highness the Maharao of Cutch, the Pro-Chancellor, and the Rajas of Korea and Sarila and by myself. The policy of His Majesty's Government in regard to India, and the proposals in regard to future work were announced by the Prime Minister in his speech on the 1st of December. It affirmed in unequivocal terms the decision of the National Government to pursue the idea of an All-India Federation with the States constituting an integral part of it, and to make the federal executive responsible to the legislature subject to important safeguards in relation to the Army, External policy and Financial credit. The outstanding details in regard to franchise, finance and the claims of the States would immediately be enquired into by expert committees appointed by His Majesty's Government presided over by public men from England. The work of these committees will be co-ordinated by a small and representative body chosen from among the members of the Round Table Conference. When their reports have been submitted and examined His Majesty's Government propose to summon the whole Conference to review the conclusions.

So far as the States are concerned, the Prime Minister's statement accepts the fact that the allotment of seats among themselves is primarily a domestic concern for the States and their Rulers. It is not necessary I hope to emphasise how great a responsibility rests on us in having thus undertaken to settle this question to the satisfaction of all legitimate interests of Indian India. Failing an agreement among us, the only alternative would be to refer the matter to an expert Committee appointed by the Crown.

During the whole period of our work in England the Indian States Delegation met regularly and worked as far as possible as a united team. Our regular discussions proved helpful in reconciling different points of view and in many cases in reaching agreement among ourselves. We were thus generally able to speak with one voice and what was of equal importance, to preserve a complete understanding among ourselves. It is true that on some questions like the numerical strength of States representation in the Upper Chamber, we were unable to secure unanimity of views but those minor differences did not in any manner affect the spirit of general harmony and of friendly co-operation that marked our work as a delegation.

In this connection I would be failing in my duty if I did not pay a tribute to His Highness Maharaja Gaekwar of Baroda, our respected leader. Though in indifferent health, His Highness kept himself fully informed and gave us the benefit of his valuable advice and weighty support. I should not also omit to mention the invaluable help which the delegation received from the other Princes and Ministers on it.

Colonel Haksar also worked as Secretary General to the States Delegation and Mr. Panikkar, Secretary to the Chancellor, was as before Secretary of our Delegation. Their zeal and energy left nothing to be desired. Our thanks are due to them also

Agendum No. 13.

Resolution by His Highness the Maharaja of Panna regarding the appreciation of the services rendered to the States by the Indian States Delegation to the Round Table Conference.

His Highness the Maharaja of Panna: I rise to perform a most pleasant duty to put before this Chamber for its acceptance a resolution placing on record our *sincere* appreciation of the services rendered to the cause of Our entire Order by the Indian States' Delegation, who advocated so ably our just claims again at the second Round Table Conference.

The Delegation was led most ably, formally and generally, by our Chancellor and supported whole-heartedly by the rest of the members. Among them I must single out our experienced and veteran Prince—His Highness of Bikaner, who was always ready to help our leader in all emergencies with his vast knowledge. The scheme of Federation was again discussed and from the results of the Conference, we can happily say that the avenues of advance have certainly been cleared for further progress towards our goal of Greater India.

It was apparent to those, who closely studied the Delegation's work at the Round Table Conference in London, that while the Federal Scheme was worked on, the States Delegation concentrated on two main issues, *viz.*, that the legislatures for all-India common matters should be really stable and the safeguards for Indian India of the States should be such as would give the Princes full confidence that their internal sovereignty would not be encroached upon and their solemn treaties and engagements with the Crown shall remain inviolate and inviolable.

For the above mentioned purposes, some of my Brother Princes had great deal of discussion in India. And before the second session of the Round Table Conference was held in London, a number of Princes, after great labours, had evolved a definite formula of a Confederation of Princes for the purpose of their collective entry into Federation and of further safeguards to protect their rights and sovereignties.

It was to represent this point of view that my friend and esteemed brother His Highness of Dholpur went to the second R. T. C., I am sure, like the rest of the Delegation, at personal inconvenience for the sake of our Order and took part in the proceedings of the Federal Structure Committee there. Unfortunately, a great deal of misunderstanding had been created by uninformed criticism in the Press against this idea of ours, as it was supposed to be directed against the very idea of federation. Thanks to the able leadership and untiring zeal of His Highness of Dholpur, he slowly but surely dispelled the dark clouds of suspicion that had gathered, and it was admitted that the proposal of a Confederation was not incompatible with the scheme of Federation. As a matter of fact, I may say, without being extravagant, that this scheme was drawn up with the express purpose of bringing federation still nearer to realisation. May I, therefore, take this opportunity of asking Your Highnesses to join with me in expressing our sincere thanks to His Highness for the unique services he has rendered by his work at the Round Table Conference and otherwise, to our Order, while he was in England.

Until a few days ago, it was thought that a schism had been created among the Order of Princes and it was feared that it would not be easy to bridge the gulf; but with the incessant and genuine efforts of some of

our friends, we are in the happy position today, of being unanimous on all these points and are able to present a united point of view before our friends in British India and in Britain.

I need not say much with regard to the work that lies ahead of us. The scheme of federation has been drawn up only in its outline, and the colours have to be filled in satisfactorily before the picture is complete. I am sure, with their past record of success, we can rely upon our Delegation carrying on the task to a successful termination in the coming year.

I cannot finish without saying a few words for the work that our Ministers did on the Federal Structure and the Federal Finance Committees. The way in which they represented the States' case in the latter Committee does great credit to them, and I hope, I am speaking for this whole House, when I say that our sincere thanks are due to them.

Your Highnesses, we are passing through very momentous times and it is but natural that everybody should be looking with expectation on every step that is taken, when the constitution of a vast country like India—my beloved Home—is on the anvil. History is being made, and we should be more than careful to avoid false steps. It takes time to arrive at definite and really satisfactory conclusions (and therefore time in such matters is sometimes of the essence).

In conclusion I beseech Your Highnesses to give your best at this momentous period of our motherland to achieve our goal, and I am sure that, with the help of Providence, we shall satisfactorily conclude our labours that we began two years ago.

With these words I move for your acceptance the following resolution:

"Resolved

That this Chamber places on record its sincere appreciation of the service to the cause of the States rendered by the Indian States Delegation, in advocating their just claims at the Round Table Conference; more especially, this Chamber desires to record its gratitude for the scrupulous manner in which its representatives adhered to the mandate given by the Resolutions of this Chamber."

His Highness the Raj Saheb of Wankaner: Your Excellency, Your Highnesses; It is with great pleasure that I rise to second the Resolution moved by His Highness of Panna. I need not say that the work entrusted to the Indian States Delegation at the Second Session of the Round Table Conference was not only tremendous, but at the same time highly delicate and responsible. The Members of the Delegation, with a clear conception of the rights and privileges of our order, have adhered to the spirit of the mandate and have most creditably discharged the onerous duties which devolved on them. It must be admitted that they have not failed to put before the Conference the just and legitimate claims of the Indian States. I would not like to distinguish and discriminate the services rendered by the Members of the Delegation, one and all, with a single-minded devotion to duty, but I cannot help mentioning the work done by our distinguished Chancellor with his usual enthusiasm and energy, combined with sagacity and wisdom. With these words I second this Resolution.

His Excellency the Viceroy: Your Highnesses have heard the Resolution which has been proposed and seconded. Is it your pleasure that that Resolution be passed?

(The Resolution was carried unanimously.)

His Highness the Nawab of Bhopal: Your Excellency; Your Highnesses: May I on behalf of myself and the other Members of the Indian States Delegation to the Round Table Conference express our sense of gratitude to the speakers who have referred in such appreciative terms to our work in England. I do not think anybody is entitled to credit for the performance of a duty, and where duty happens to be a sacred trust there is the less reason to feel elated. At the same time I am bound to acknowledge our deep sense of gratification at the handsome testimony to our humble efforts, and may I therefore request Your Highnesses to accept our sincere and heartfelt thanks for your generous appreciation.

Agendum No. 11.

Acquisition of non-residential property in British India by Ruling Princes and Chiefs.

His Highness the Nawab of Bhopal: Your Excellency, Your Highnesses; I now rise to place before Your Highnesses the recommendations of the Standing Committee in regard to the question of Acquisition of non-residential Property in British India by Ruling Princes and Chiefs.

This question has been under discussion for the last 12 years. A summary was placed before Your Highnesses in November, 1921, and it was generally accepted; after which, it was circulated to the Local Governments, etc., for expression of opinion and a revised summary prepared in the light of the criticisms received was placed before the Standing Committee again in 1924. It was suggested that the Local Governments should be asked what practical difficulties had been experienced in this matter. The Committee made the following tentative suggestions and decided that these suggestions should also be circulated:—

1. That Notables and relatives should be eliminated from the Summary altogether as they are liable to all the British laws in British territory.
2. That in the case of purchase of land by Ruling Princes or their Heirs-apparent, the Government of India should give its consent to "Benami" transactions being resorted to for purchase of land which would do away with the difficulty in British India with regard to Princes being sued in Criminal or Civil matters.

After the enquiries as suggested above had been instituted, and opinions elicited, the question was discussed in the Standing Committee in May, 1926, and the following opinion was recorded:—

> "The Standing Committee desire to put on record their conviction that it is unjustifiable to place any obstacles in the way of Ruling Princes and Chiefs and members of their families acquiring non-residential property in British India provided that the property in question remains subject to the Rules and Regulations locally in force and that some person or persons are formally declared as responsible in the eyes of British Indian Law and to the authorities there, in case of need."

As a result of discussions, the Honourable the Law Member offered to look further into the matter with a view to find some solution which would meet our point of view.

In September 1926, the Law Member's suggestions were considered, and two Notes by the Chancellors' Secretariat were sent to the Political Department. In December 1927, the Committee again took up this question and it was decided that the Government of India should be asked to have the matter further examined. The result of this re-examination was submitted to the Standing Committee in January, 1929, and as the summary was amended in some respects, it was again circulated to the Political Officers and Local Governments for opinion. In March, 1930, the summary as revised in the light of the opinions received was placed before the Standing Committee. On the basis of criticisms then made by our representatives it was felt that the summary should be re-drafted in conformity with legal requirements.

At its last meeting, the Standing Committee considered the summary in the final form, and I am glad to be able to say that an agreed settlement has been reached and the summary as now placed before Your Highnesses in column 2 of the Memorandum, which represents the result of our discussions, concedes to the Princes the right of acquiring non-residential property without the *previous* consent of the Government of India except in the case of transfer by mortgage. It also concedes the principle of acquisition of non-residential property in the name of any other person. These were the points which Your Highnesses' representatives were urging for a long time. As our points have been considered, I recommend that the summary may be generally accepted, and thus allowed in our President's happy phrase to attain Nirvan.

His Highness the Maharaja of Patiala: I beg to second it.

His Excellency the Viceroy: Your Highnesses have heard the speech presenting this summary to your notice. Is it your pleasure that this summary be received?

(The resolution was carried unanimously.)

I have two pieces of information before we adjourn to inform Your Highnesses about. One is this, I understand that, through the generosity of His Highness the Maharaja of Alwar, Division Bells have been placed in the various rooms of this Chamber, so that any Member of the Chamber, if he is secluded in one of those rooms when a Resolution has been discussed and a division is called, will have no excuse for not coming into the Chamber to give his vote in the Division. I am grateful to feel that at present there has been entire unanimity in this Chamber—long may that continue and there be no necessity for the ringing of the bells. The second matter which I have to say a word to you about is this: I understand that Your Highnesses are going to be good enough to come to the Viceroy's House this afternoon to hear a few words from the Viceroy. I hope you will arrive at 4-15 in the afternoon in order that you may fortify yourselves with a cup of tea before you have to bear the speech of the Viceroy.

This concluded the proceedings of the day.

PROCEEDINGS OF THE FOURTH DAY.

The 1st April 1932.

The Chamber of Princes assembled at the Princes' Chamber, Council House, at 11 A.M. on Friday, the 1st April, 1932. His Excellency the Viceroy presided.

The following Ruling Princes and Chiefs were present:—

Central India.

His Highness the Nawab of Bhopal.
His Highness the Raja of Jhabua.
The Raja of Khilchipur.
His Highness the Raja of Narsingarh.
His Highness the Maharaja of Panna.
His Highness the Maharaja of Rewa.
The Raja of Sarila.
His Highness the Raja of Sitamau.

Kashmir.

His Highness the Maharaja of Kashmir.

Rajputana.

His Highness the Maharaja of Alwar.
His Highness the Maharaja of Bikaner.
His Highness the Maharaja Rana of Dholpur.
His Highness the Maharawal of Dungarpur.
His Highness the Maharaja of Jaipur.
His Highness the Maharawal of Jaisalmer.
His Highness the Maharaj Rana of Jhalawar.
His Highness the Maharao of Kotah.

Punjab States.

His Highness the Nawab of Bahawalpur.
His Highness the Maharaja of Kapurthala.
The Nawab of Loharu.
His Highness the Nawab of Malerkotla.
His Highness the Maharaja of Patiala.

Western India States.

His Highness the Maharao of Cutch.
The Chief of Jasdan.
The Thakor Sahib of Palitana.
His Highness the Raj Saheb of Wankaner.
The Thakore Sahib of Wadhwar.

Bengal.

His Highness the Maharaja of Tripura.

Bombay.

His Highness the Nawab of Cambay.
The Chief of Jamkhandi.
His Highness the Maharaja of Kolhapur.
The Chief of Phaltan.
His Highness the Maharaja of Rajpipla.
The Nawab of Sachin.
His Highness the Chief of Sangli.
His Highness the Sardesai of Savantwadi.

Bihar and Orissa.

The Raja of Dhenkanal.
The Maharaja of Mayurbhanj.
The Raja of Talcher.

Central Provinces.

The Raja of Korea.
The Ruling Chief of Surguja.

Punjab.

The Raja of Baghat.
The Raja of Kalsia.

United Provinces.

His Highness the Maharaja of Benares.
His Highness the Raja of Tehri-Garhwal.

Agendum No. 10.

Resolution regarding the work of the Indian States Delegation to the Round Table Conference.

His Excellency the Viceroy: I call upon His Highness the Chancellor to move Agendum No. 10.

His Highness the Nawab of Bhopal: Your Excellency, Your Highnesses; I have been made responsible to move what may prove to be the most important Resolution of this Session. The true position is that it is the Chancellor who is moving it in his representative capacity.

Before I address myself to my task I should like to state a fact which brought us much comfort, and which, I feel sure, will gratify every friend of the States. That fact is, that the slight differences that had arisen amongst us have all been happily composed, thanks principally to the noble efforts of my brother, His Highness the Maharaja of Patiala. Nor must I omit to pay a tribute to our loyal ministers, who, in mutual discussion, arrived at a common understanding. They plumbed the merits of the Confederation Scheme, and while demonstrating its specific utility, they showed the way to its practical application. For my part, I may say no scheme has ever possessesd any horror; whatever is for the common good of the States, I conceive it my duty to accept and support.

Now, to go on with my task: as a consequence of the position reached at the Round Table Conference, His Majesty's Government are naturally anxious to get on with the drafting of the Bill which will lay down the future Constitution of the Government of this country. As economically the most important problems of India are those in which not merely British India but the States also are interested, the Constitution will have to provide machinery for the treatment of those problems in a manner which will ensure that proper and equal regard will be paid to all interests. That such regard is essential has probably been felt all along, though it has not yet been legislated for.

Under the Act of 1919, there had to be a review of the position after ten years. Even before that period was over, the Statutory Commission was appointed, and its recommendations went some way, though not far enough, to remedy the principal defect of the Act of 1919. To enable discussion of how best the interests of British India and the States could be adjusted, Sir John Simon recommended that "some sort of conference should be set up and that in this conference, His Majesty's Government should meet both the representatives of British India and the representatives of the States for the purpose of seeking the greatest possible measure of agreement . . . . ."

I am reluctant to hold the attention of Your Highnesses too long this morning but I hope that before moving the Resolution of which I am in charge, I may be permitted to pass in rapid review the development of the relations of the States with the Crown in the earlier stages, through the East India Company, and later, when the Crown assumed direct responsibility for the affairs of India.

I think I am right in saying that India, as we know it today, came into being in 1858—but relations between the States and the British Nation had been gradually evolving from the middle of the eighteenth

century. By the beginning of the nineteenth, many an alliance had been formed, and 1818 marked the culmination of treaty-making and the ratification of solemn Engagements. Thence-forward, there was a comparative lull in this branch of the East India Company's activity until in 1857 the flames of the Sepoy revolt burst forth and charred the country. What the attitude of the bulk of the States was towards the British Power during that cataclysm, it is unnecessary for me to describe. We rejoice to think that Britain has not forgotten that attitude, and we are convinced that she fully appreciates the response of the States to her call during the dark days—1914 to 1919.

Before the Mutiny occurred, some steps had been taken to undo the wrong done to the States by the doctrines of lapse and escheat, which it was realised were not applicable. But for a matter of fifty years from 1860 onwards, the year by which calm had been restored, the British Government applied themselves to the reconstruction and development of their possessions in India. Means of communication were introduced and multiplied, the circulation of money in aid of commerce was increased, and incidentally economic development tended to overshadow political obligations. It became increasingly apparent to us that for the benefit of British India alone we were being handicapped in the economic development of our States. We protested, but our protests were all against the infringement of one part only of our rights, namely, political. In our ignorance, we did not then realise how our fiscal and financial rights had at the same time been adversely affected. Meanwhile, when in 1917 before the Government of India Act of 1919 was passed, we were offered an opportunity to ventilate our grievances, we did make it clear—and this is an important point and relevant to the subject of the Resolution I am moving—that we found ourselves confronted with a position in which the economic interests of the States were left unprotected—and that we thought this unfair. We urged that we must have an opportunity of discussing matters which touched our vital interests and an effective voice in the determination of policies regarding those matters. We succeeded in evoking the sympathy and support of the two statesmen to whom we directly appealed, and they formulated recommendations to meet our wishes. But in the ultimate result, the matter rested there.

The end of another decade found our position even worse than before, and we succeeded to the extent of obtaining an investigation. For whatever reasons it might have been, this investigation led to the formulation of certain dicta which we were unable to accept. They gave rise to serious misgivings in our minds to which expression was given on the floor of this august House.

I must here point out that my review of the past is not being made in any unfriendly spirit. The object of my narrative is rather to show how the present position has been reached. Your Highnesses are aware of the re-assuring attitude of the Viceroy, and for my part, throughout the year I have held office, and more particularly during my visit to England, the conviction was borne in upon me that whatever may have happened in the past, in the immediate future a new chapter in the history of the States is going to be written, and they can safely believe that in the future they will be immune from any encroachment upon their Treaty rights, and that their economic interests will be fully safeguarded.

Now, if my rapid, and, therefore, entirely inadequate review brings out anything, it brings out a fact, which is the fundamental fact of the social economic and political existence of modern times, namely, that any community or society which hopes or seeks to ensure the protection of its interests must rely upon its own resources for the shaping of those interests. It must take a hand in their determination and regulation, and it must insist upon the security of all its essential rights. It was for this purpose that Your Highnesses' representatives at the Round Table Conference helped to evolve an all-India Constitution. In the main, the position we have created is as follows:—

1. Our dynastic matters must remain in the care of the Crown;
2. Our internal affairs must remain beyond interference from any quarter.
3. Our Treaties, or Engagements, or Sanads must be literally respected; and
4. there must be other necessary safeguards embodied in the Constitution.

Given these guarantees, we shall for matters agreed to be of common concern join an all-India Constitution in the confident belief that this association with British India will be worked for the common benefit and that each party will receive broad justice from the other, and there will be an utter absence of mutual nagging and carping criticism.

In addition, we can, and do rely upon His Majesty's Government to protect our interests and to see that our rights are not impaired in any manner. And we have implicit confidence in the Viceroy, our President, that he will secure to us these necessary guarantees.

Your Highnesses, with these words, I commend for your acceptance the Resolution which reads as follows:—

The Resolution.

1. This Chamber declares that the States will join an all-India Federation on the assumption that the Crown will accept responsibility for securing to them the following guarantees:—
   (*a*) that the necessary safeguards will be embodied in the Constitution;
   (*b*) that under the Constitution, their rights arising from Treaties, or Sanads or Engagements, remain inviolate and inviolable;
   (*c*) that the sovereignty and internal independence of the States remain intact and are preserved and fully respected and that the obligations of the Crown to the States remain unaltered.
2. To secure this end, this Chamber authorises its representatives further to carry on negotiations in accordance with the mandate given to them at the informal meetings of the Princes; and retains the right to examine the whole Constitution in its completed form and the draft Bill before the final ratification by the Chamber and by each individual State.

Before I conclude, I should like to observe that when dealing with a question of such magnitude as the impending changes, it is natural that Your Highnesses should have some anxiety. Personally, I am convinced that with the necessary guarantees secured, an all-India Federation will be entirely to our advantage. In proof of this I should like to invite Your Highnesses' attention to the fact that the most Conservative House of Commons there has ever been, and a Conservative House of Lords did actually endorse the policy of an all-India Federation. It must not be forgotten that the Crown also has interests in India, and it is not to be supposed that it will sanction a Constitution which will imperil its own interests and those of its friends and allies.

His Highness the Maharaja of Patiala: Your Excellency, Your Highnesses; I rise to second the Resolution so ably moved by His Highness the Chancellor. The Indian Princes, Sir, recognise that they owe triple obligations to the Crown, to their States, and to India. As such any scheme, worthy of their support and participation, must ensure simultaneous and effective discharge of these triple obligations. This is the proviso, with which we all conditioned our support to the principle of Federation when we met at the first Round Table Conference. The working out of a Federal Scheme, embodying the suggestions of the different interests involved, consistent with a composite and workable constitution for Greater India, was referred to the Federal Structure Committee. The Committee produced a scheme, and be it said to their credit that they laboured hard, and that their scheme, which in their own words was only a skeleton to be filled in, provoked constructive thought, and brought out the main issues involved. We all rotated it over. Some of us, on a leisured and closer examination of the scheme as it stood, felt that it did not completely fulfil the tests under which we could safely come into it, capable of effectively discharging our treaty obligations to the Crown, to our States, and to India. Those of us, who felt that way, had a very delicate and difficult task to perform. Their silence would have meant that the scheme would have proceeded on those lines, and necessary safeguards would not have been pressed for incorporation which alone could make it acceptable to the majority of the Indian States; and we would have been faced with a dilemma, when the picture was completed, of the Princes refusing their adherence. An open expression of views, on the other hand, was likely to excite misunderstandings and misgivings, both amongst the advocates of the Sankey Scheme and the British Indian opinion. We anxiously weighed all these; and finally decided in the interests of the States, of India, and the Empire, to declare what we felt. Our intentions were misunderstood. Our motives were misrepresented. This was not unexpected. But we were convinced that when our various suggestions are dispassionately examined, no true friends of the States, amongst the Princes, could afford to stand apart.

Your Excellency, the proposals which had been associated with me and with Their Highnesses of Indore, Dholpur, Panna, Porbander, Jhalawar and others appear to have been generally misunderstood. These proposals, as was explained in my interview to the *Times of India*, dated the 18th September 1931,

> "did not contemplate an alternative scheme of constitution, but provided certain amendments and necessary safeguards which without obstructing the constitutional progress of India or infringing on the interests of States or the Empire, will provide a machinery that would ensure the desired co-operation

between British India and the States, by eliminating chances of friction or unreasonable inroads on the sovereignty of the States or interference by the latter in exclusive British Indian problems. They keep the responsibility of the Executive to the Legislature intact, and they offer safeguards to the smaller States vital to their very existence without affecting the proportionate importance of the bigger States in the constitutional fabric".

Our distinctive proposals embodied two aspects, the institution of the Confederation of the States for the purpose of Federation with British India, and the essential safeguards in addition to those proposed in the Sankey Scheme, vital for the States' adherence to a Federal constitution. These have now been examined dispassionately with a view to evolve a common policy which may command the united support of the Indian States. And I am happy to be able to declare, unequivocally, that we all stand united on the fundamental essentials involved. We have ceased to represent different parties and groups on the main planks of an All-India Constitution. Our united programme is embodied in this and the next Resolution. Federation, with additional safeguards agreed between us, is now as much mine, as Confederation elaborated in our discussions is His Highness the Maharaja Sahib of Bikaner's; and unitedly, we can announce, with the full concurrence of our Brother Princes, our resolve to enter an All-India Federation, with proper safeguards, so that we can effectively discharge our obligations to our States, to India, and to the Crown.

Your Excellency, we recognise that on many matters of common concern, our interests, on the whole, are identical with our compatriots of British India. These matters can best be managed by a joint Federal authority which, with necessary safeguards, should be responsible to a joint Legislature of British India and the States. Given proper guarantees, we are prepared to contribute our best in that All-India Constitution. We shall willingly make any adjustments or delegations necessary to secure that ideal. And we trust that our friends in British India will appreciate, that our desire to maintain intact our internal autonomy and our cultural entity, is as natural as their demand for ordered progress.

Our position towards the Crown is equally clear. We have inherited treaties, with the rights and obligations flowing therefrom, which have been declared inviolate and inviolable by successive Emperors, and we treat them as the sheet-anchor of our polity. We feel that under the new constitutional arrangement to which His Majesty's Government is pledged, we cannot effectively discharge our obligations to the Crown under the treaties, unless we become partners in the Greater India Architecture now being designed, with proper safeguards suited to our special conditions. We also recognise that we have a substantial stake in the country, and as trustees of our posterity and our people, we cannot commit ourselves in matters of fundamental importance to untried and unexplored agencies, unless the Crown, under treaties, is a party to our participation in the new constitution, and guarantees our rights and privileges and is capable of discharging its obligations to us under the Treaties.

This is the purport of the Resolution which I have the honour to second; and I would, in all earnestness, commend it to the unanimous acceptance of this House. The scheme now jointly evolved by us seems, to my mind, immune, as far as possible, from any dangerous complications. It

does not subordinate the practical realities of our special conditions to a mere slavish imitation of other Federations with its various implications. It gives us an opportunity of offering our hand of fellowship and assistance at this most crucial juncture in India's History, to our countrymen in British India in the solution of their constitutional difficulties, at a time when they need our help. It provides for the conserving of our sovereignty in matters of common concern, by sharing their governance with our compatriots from British India. It offers us the means of assisting the Crown in the discharge of its clear pledges to India and in the solution of India's very grave constitutional problem. And last but not the least, it provides an opportunity of combining our stabilising influence, with the stable elements in British India, to serve as a barrier against unsteady or convulsive developments in India, and to assist towards ordered progress and happiness of our people.

Your Excellency, I am conscious of the fact that many important matters have yet to be settled, and I know that till the whole picture is completed, we shall have to watch its developments anxiously and carefully and till then our support must be provisional. But I confidently hope that through the constructive statesmanship of the best of England and the best of British India and the best of the Indian States—big and small—we shall jointly evolve a constitutional scheme worthy of the acceptance of the best of these three elements, and which shall ensure individual and due representation of all members of the Chamber of Princes (present and future) with satisfactory representation of remaining States.

Your Excellency, standing here, I would earnestly appeal to the Press and public opinion, of England and India, to assist us in evolving the right atmosphere of constructive sympathy, unity, and accommodation, and the respect of law necessary to expedite the desired objective. Thus, under the constructive guidance of a trusted and tried friend like Your Excellency, representing His Majesty the King Emperor, the Indian States bringing their best culture, through a Confederation of States, into the cultural pool of Greater India, will make it possible for the United States of India under the ægis of the British Crown as an equal and honourable part of the British Government, to hold its head high amongst the Nations of the World, as a great factor for peace and progress of humanity, worthy of our great past and capable of producing even a greater future.

His Highness the Maharaja of Alwar: Your Excellency, Your Highnesses: In order to place myself in accord with the Rules of Business of the Chamber, I find that, while there are rules regarding the moving of resolutions, there is no rule about seconding or about supporting, and therefore I rise neither to second nor to support, but nevertheless to speak in favour of the resolution that has been moved by His Highness the Chancellor in regard to federation. Before I proceed further, in order that it may be clearly understood as to what my predecessor and I have to say, I would like, even at the expense of boring some of my colleagues and members, to give a few words, if I may, from the speech that I made at the Round Table Conference in the first year. I said then that I shall be as brief as I can in my quotation—

> "The problems in India are more complicated, more momentous than the problems in any other country. Race, religion, Language, Government, all these things together make a

nation. We see how in Asia, and especially in India, race difficulties, linguistic difficulties, social difficulties, and national difficulties all melt away before the unifying power of spirituality. Therefore, for the well-doing of our national cause we must give up all our little quarrels and differences. Remember above all things that our ancestors look down upon us, and they will do so with contempt on their children if they quarrel about minute differences. It is when the national body is weak that the disease germs—in a physical, social or political state, or even in an intellectual state—crowd into the system. To remedy it, therefore, we must go to the roots of the disease, and the one tendency will be to strengthen the man, the mind and the body. It is culture that withstands shocks, not a simple mass of knowledge. Therefore, my friends, let us do nothing that will divide us, for divisions will weaken us all the more. You all know that at this psychological moment the whole world is watching us. The solution will not be obtained by dragging down the higher but by raising the lower up to a higher level. To make a great India, therefore, the secret lies in organisation, accumulation of power, but above all in the co-ordination of wills. Have that faith in ourselves, in that eternal power, first lodged in our soul, and then we shall revive the whole of India. Let this be our determination, and may He the Lord Who comes again and again for the salvation of His own people—as is described by many of the different Scriptures of the world—lead us all to the fulfilment of our aim—the uplift of India, the good of the Empire.

"We must now come down to mundane affairs, and Federation is the question before us. I am not enchanted with that word as a mere form of expression; to me "the United States of India" sounds more grand. Here are the representatives of two Indias, today each possessing different religions but united in the common bond of patriotism which permeates throughout our respective territories and provinces. We are united in the service of our country; united in our co-operation with the British Empire, of which we form a part—the highest symbol of whose political link is the King-Emperor. The two Indias are politically separate in their administration, and in order to understand the source of their existence we must—but for only a few brief moments—peep into history", which I need not go into now.

With regard to British India, I said then:

"Those who are its representatives are perhaps best able to speak on this subject; but there are two alternatives, which I can best define by the terms "Eastern" and "Western" conceptions. Talking of the first, there are many who hold the view—however prosaic or antiquated it may sound—that British India may be formed again into Indian States. I will not occupy your time in discussing the details of the problem, however logical and interesting they may be, because I have not the time on the first day except to state (*a*) that it brings true Swaraj as a living reality considerably nearer: (*b*) that it

perpetuates the link with the Crown through its representatives, the Viceroy of India. With Hindu, Muhammadan, Sikh and other States so formed it would set at rest communal questions. Above all, it maintains in strong bonds commercial and trade relations with England. It necessitates an Imperial Army to safeguard the Crown's obligations and to protect the ports and frontiers, with the internal army of the States maintained for security and assistance in emergencies. It ensures religious liberties to every section of India's population, and it carries on the tradition of India's rule according to her past history of hundreds of centuries. And finally, coming to Federation, or what I prefer to call "The United States of India", it immediately simplifies the problems of rulers uniting in a common body to work out the problems of India. Here is the shortest and the quickest way to Dominion Status. This is what would be an indigenous growth.

"The alternative to this had its first seeds sown in a little known Despatch by Sir Charles Wood, the grandfather of the present Viceroy, who was then Secretary of State, and who initiated the idea of the English language being the medium of education and government. This was followed by Lord Macaulay, who strengthened this theory. Gradually this system has grown, which culminated first in the Minto-Morley Reforms, where the latter statesman, however, was opposed to the introduction of democratic organisations in India. It is from Mr. Montagu, that passionate lover of India—my country—that events took a definite turn towards responsible self-government. Here the irony of fate exhibits itself for, as we learn from Lord Ronaldshay's book, this term was devised by Lord Curzon, who was no less opposed than Lord Morley to democratic institutions for India. This I am sure will be generally acknowledged to be a Western system of rule and, therefore in India not a growth but a graft. But having said so much I now come to my main point, that, if this system is now accepted by British India as the best method for her advance, if that is, as declared also, the final policy of the British peoples towards India, what do I conceive to be the opinion of the States? We realise all that this innovation implies in an Eastern country . . . . .

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"A united India will be the finest and truest jewel and the strongest force in the cause of our Empire. Under this system I come again to the proposition called at present by the name of Federation, where my ideal is the "United States of India" within the Empire. We are assembled at this table to devise means and ways in order to achieve this end by co-operation, and I am sure you will not find our States lagging behind in joining hands in order to arrive at a happy solution.

"We are quite conscious of what it means. We know what all big changes imply. It may necessitate at first a little more injustice. It may mean a little less efficiency at first. It

must mean larger sacrifices on everyone's part—the States, and perhaps some of the majorities and minorities. But for our country's cause, for the cause of India, for the cause of the Empire, shall we stop short for personal, communal or narrow-viewed considerations? Our lives will pass away, but our country will remain. Then at least let it be said we were the true sons of our Motherland, India."

I hope I will be forgiven for quoting something that I said in the first Imperial Round Table Conference during the first four days of its general discussion.

Now, so far as the Indian States are concerned, the Resolution is indeed so wide, and yet so explicit, that I cannot believe that any of my brother colleagues either inside this house or outside the Chamber can have any great misgivings or any misgivings, if they read the resolution carefully, as to the future it implies. Our relations with the Crown through its representative the Viceroy with regard to dynastic, personal and internal matters will remain just the same. We are prepared to unite with British India in matters of common concern; and now let me ask what is the reason, why have we launched forth on this scheme. Is it merely because we want to share in the spoils of the Customs Department or of the Excise Department or of any other Department which brings forth rupees? That would indeed be a very selfish way of looking at the matter. The main reason why we made such a sudden plunge into federation during these four days of general discussion at the Round Table Conference was this. It was made explicit to us, both outside the Conference as well as inside it, that, unless the Indian States joined in the scheme—which was regarded by Sir John Simon as a remote possibility, and which was described even in the Government of India despatch in the time of Lord Curzon as a remote possibility, and which is described by the leaders of all the three parties, namely, by Mr. Macdonald, the Premier, Lord Reading on behalf of the Liberals and Lord Peel on behalf of the Conservative Parties, that what he had stated had virtually caused a revolution,—the basis and the force of our argument and the line that we took was mainly because, as I was attempting to state a little earlier, it was made very clear to us that if the Princes and the States of India—both synonymous terms—do not join in a scheme of federation with British India, India could not be given any authority at the centre of any kind whatsoever. Now, we Indian States, are we going to stand in the way of British Indian advance and be the bull's eye in the target for others to prove that the Indian States stood in the way when British India was aspiring,—not for what has been suggested in certain quarters, by certain organisations for the independence of the country—but when British India was aspiring to become a sister dominion on a footing of equality with other dominions such as Australia, Canada, South Africa, New Zealand, Newfoundland and South Ireland. I do not think this is an ambition too highly pitched, nor is it an ambition unworthy of India herself. But still more I can say that it would not be unworthy of the traditions or the lessons that England has taught India during her tutions during the last 125 years. Therefore when we were placed in this, a peculiar, but yet a very strong position,—it would be at our free will to come into the federation or not—we should not be made the target at

which the British India could aim and say, 'It was not the British Government that stood in our way, but it was the Indian States, who did not enable us to advance to our full status of dominion stature. That is the main question which I would like to present to this Chamber which enabled us to go forth, and which has now been responsible for this resolution coming before the Chamber in which it is declared that the Indian States will join the Federation, and, I hope, what will be called eventually the scheme of a United States of India. Your Highnesses, the resolution that you are passing is of a general character in the first sense and of a particular character in the other, and I do not think the most conservative need be frightened, as it lays down the essential condition, namely, that our treaty rights, privileges and prerogatives under the Crown will be duly safeguarded. And if we enter a confederation, although this is not done in the resolution, it will be because we want to see our countrymen advance to a stage where they will place themselves no more or no less than on a footing of equality with the other sister dominions From the statement that has been made by His Excellency the Viceroy himself, very soon after he took charge of his distinguished office, I can quite understand that there may be snags, that there may be propositions and problems. I can well understand that those who have provided some schemes, who are in fact the fathers of the proposal, may well be interested in these schemes, because it is only natural. The ministers are naturally more interested even than ourselves, and I feel sure that many of them will be taking responsible positions when this federation scheme or the United States of India Scheme is evolved, going there either as our individual representatives or representatives of our united party which may be called a confederation. I know at this juncture very few of us are prepared to discuss, or have even understood the implications of federation *versus* confederation, or bi-cameral legislatures *vis-a-vis* unicameral legislatures: these are problems of the future, in which I have no doubt that Your Highnesses will have a voice. It has been specifically laid down in the resolution—we are asking our distinguished Chairman to request His Imperial Majesty's Government, before that scheme is finally passed, that we should be allowed to have our say on it. Therefore while you have the right to join this federation or not, and even in fact after joining it to secede from it if you find it inconvenient or uncongenial, I do not see where the difficulty lies in Your Highnesses backing this resolution to-day. Therefore, although I have stated my views in the beginning, which are essentially of an Eastern character, which character is already observed and followed in one-half of India excluding Burma, if it is for the good of British India which is the country under the sovereignty of the Crown, if the Crown itself desires that it should make an advance, then I do not think that we would be entitled or justified in standing in the way of our brethren achieving their goal. Besides, in view of the provision that is already in the resolution, very clear and emphatic, and of the fact that any cobwebs that may have existed in our minds have been removed in our personal conversations with His Excellency our distinguished Chairman, I cannot think that there can be any great difficulty, and therefore I hope that Your Highnesses will give your whole-hearted support to the resolution that has been moved by His Highness the Chancellor, that has been favourably supported and wrongly seconded by His Highness of Patiala according to rules of business, but nevertheless supported, and that has now been further favourably supported by me. I hope, Your Highnesses, after whatever anybody else,

any of Your Highnesses, may have to say on the subject, that it will receive the warm support of this Chamber.

His Highness the Maharaja of Kapurthala: Your Excellency, Your Highnesses; from the very outset I have been attracted by the idea of an All-India Federation. I have always felt that in some such scheme would lie a satisfactory solution of the constitutional problem of India. It has been clear to my mind that active co-operation between the two halves of India—British as well as Indian India—in matters of common interest was essential to the future constitutional advancement of the country. Ever since this idea has begun to be mooted it has passed through various vicissitudes. It has been blessed by many important Princes and severely criticised by others. This resolution which is the result of anxious thought and deliberation reconciles the conflicting schools of political thought and contains a declaration on the part of the Members of this Chamber that under certain conditions they will be prepared to enter an All-India Federation. The resolution indicates in general terms the safeguards and guarantees to which the Indian States attach the greatest importance and which are indispensable not merely for the future existence of Indian States as internally independent political entities but also for the enduring success of an All-India Federation. To my mind the real test of a sound scheme of All-India Federation would be of a triple character: a scheme which is calculated to place on a lasting basis the connection of a self-governing India with the British Crown, which protects the rights and position of Indian States in the future body politic of India and secures active association on the basis of equality between British India and Indian States on matters of common interest. If these conditions are fulfilled I am sure an All-India Federation will be a source of inestimable blessing both to our country and to the Empire. Numerous important questions will have to be determined before an All-India Federation becomes a *fait accompli*—form and character of Federal Legislature, proportion and method of representation of Indian States in the Federal Legislature, share of Indian States in the Federal Executive, Federal Finance, etc. But I sincerely hope that once an All-India Federation is accepted in principle by the States a satisfactory settlement of the foregoing problems will not present insuperable difficulties. With these remarks I have much pleasure in supporting the resolution.

His Highness the Maharaja of Rewa: Your Excellency, Your Highnesses; it is with some diffidence and hesitation that I rise to-day before this august body to express before Your Highnesses my own position in the matter. Let me in the very beginning assure everyone here that I have no intention whatsoever of using any words which would minimise the advantages of the Indian unity. I think Your Highnesses' accredited representatives have worked unceasingly on your behalf and have made every effort to safeguard the general interests of the Indian States and for which no doubt, I am sure, all of us are very grateful to the Standing Committee. The time has however now arrived when I feel that I should clear my position and try to remove the misconception that existed with regard to my own point of view. I may remind all concerned that never in any of my public utterances have I opposed the idea of Federation in any way. Never did I dream of minimising the advantages that will be derived from the unity of our Motherland. But when at the very beginning of the Round Table Conference I

spoke somewhat differently to my revered Brother Princes, there were special reasons which forced my conscience to express my own point of view. I do not know anything in regard to the choice of other representatives of Your Highnesses' Order, but I do remember that with regard to myself, while I was on a hot weather tour within my State, I received a letter from His Excellency Lord Irwin enquiring of me whether I shall be prepared to take the onerous task of representing the Conservative point of view in the Round Table Conference. I had until then got no opportunity of discussing this subject with any of my Brother Princes and thereby find out the views of different people, that could not be termed Liberal or Conservative. After all, the words "Liberal" and "Conservative" are comparative terms. Liberals of to-day will be the Conservatives of to-morrow. Anyway, I accepted the invitation of His Excellency the Viceroy and agreed to discharge the very delicate obligation of representing the Conservative point of view in the Round Table Conference. Until the actual day when the Round Table Conference was convened and the work started I was not in a position to know what the views of the Conservative States were. The bulwark and tower of cautions and well-balanced Conservatism, the descendant of a most chivalrous family of Rajputana, His Highness the Maharana of Udaipur had until then expressed no opinion on the subject and I was naturally trying to take the first opportunity of consulting him and consulting others of my Brother Princes on the point. However within a week after the beginning of the work of the Round Table Conference, the question regarding Federation was brought up. Until then very detailed consultations had not been held and as the consensus of opinion of the Princes was not known, at least to me, I felt it was premature to make any statement especially at that juncture. I therefore simply sounded a note of caution but I can assure all Your Highnesses that in that caution I had never intended to oppose the idea of Federation. Until then, the views of Parliament, the two Houses of Parliament, were still unknown. We had heard different views being expressed in India by different schools of thought, some moderate and others otherwise. I was not myself quite certain as to what attitude the British Indian Delegation were going to adopt in the Round Table Conference and what specific views they were going to express. I was also diffident in making any statement, due to another fact as well, namely that if on behalf of anybody, none of whom had specifically expressed their opinion to me, I make any commitments I shall have to consider whether those commitments will be able to be fulfilled according to the requirements of the Treaty obligations entered into individually between the Indian States and the British Crown, and in consonance with those obligations whether we shall be able to discharge our requisite activities towards the Federation. I at first wanted that we should settle between ourselves the objective that we wanted to achieve. Any Constitution whatever it may be is after all a means to an end and it is better and safer to have the measurements of the person who wants to wear a coat than to get a readymade coat and try to find out whom it will fit. However, fortunately, for me and all the Indian States, we were very pleased to find that the British Indian Leaders fully realised our difficulties arising from our peculiar position and they themselves admitted that the Constitutions, as are working in other countries, will have to be considerably modified if they are to be applied to India. It is true that, when statements were made on behalf of the States, people were surprised at the

sacrifice which the States Representatives were prepared to make on behalf of the States. Some of our noble Brothers even gave assurances of the greatest magnitude when they said that we were Indians first and Indian Princes afterwards. Personally there did exist some doubts in my mind, because I felt that any Constitution devised for the Indian requirements should be such as would not only suit any particular religion or caste or any other section of society, but which would suit all concerned and which would not compromise the interests of any section of the Indian India or the British India. I was also assured by the British Indian Leaders, whom I had the pleasure and privilege to have met, that they held the same views with regard to ourselves. While I did not want our representatives to create any obstacles in the ways which were conducive to unity of our Motherland without ascertaining for themselves whether there were disadvantages involved, I also wanted that wholehearted acceptance should be made when its advantages have been fully realised. To-day I have achieved my desire, my objective has been fulfilled. My whole and sole intention was that I ought to remind Their Highnesses that they should appreciate all the advantages and implications of any scheme of Constitution that is brought into force in India. Having done that they should make up their minds as to what safeguards and what guarantees and what reservations they want before they can join the Federation, the Confederation or the United States of India, whatever the Constitution may be. Their Highnesses with the assistance of the ablest lot of Princes, the members of the Standing Committee, have been acquainted with all the implications and the advantages of the scheme and I hope that by now, that is after the lapse of a year or two, the opinions of the Princes' Order must have and should be crystallised on the point. Realising this point I think the time has now come when we should make some statement so that the British Government and British India may know what we propose doing in future with regard to the Federation scheme. I have never had any intention that there should be any measure brought into play which would deter us in achieving our ideal and I therefore, in conclusion, commend this Resolution for Your Highnesses' gracious acceptance.

His Highness the Chief Saheb of Sangli: Your Excellency, Your Highnesses; I rise to speak a few words in support of the resolution on Federation which is now before the House. The first part affirms that the States will join an All-India Federation on a certain assumption. What is the general position in which we find ourselves as regards the attitude that we should adopt towards an All-India Federation? All parties at the Indian Round Table Conference have accepted the basis that the Central Government of India would be a Federation of All-India, embracing both British India and the Indian States. This basis was accepted also by His Majesty's Government as a foundation of the political structure of the New India. His Majesty's present Government have also reaffirmed their belief in an All-India Federation, and according to them it offers the only hopeful solution of India's constitutional problem. They have not stopped there; on the other hand, they have pressed on with all possible despatch with the federal plan, determined that no difficulty shall be permitted to hold up their progress. They have set up the machinery of Committees to give close and intimate consideration to the specific problems which have emerged out of the work of the Round Table Conference. These Committees are entitled to our admiration for the expeditious manner in which they have been carrying out the work entrusted to them. Government

have thus been pursuing the federal plan unswervingly and doing their utmost to surmount the difficulties standing in the way of its realisation. Although the idea of federation has been attractive and has appealed strongly to all interests concerned, I would be the last person to underestimate the difficulties—the many difficulties—that stand in the way. But, as His Excellency the Viceroy has observed, it has been realised throughout that they must not be permitted to block the path towards the ideal of federation. In the words of the Prime Minister, "obstacles were made to be overcome". There is, therefore, no reason why we should allow ourselves to be deterred by the differences of opinion which have yet to be composed or the difficulties which have yet to be solved. I feel sure that with further thought, discussion and determination we shall be able to reconcile our different interests and points of view and evolve a workable constitution. The great question before us is whether we do not feel ourselves equal to tell His Majesty's Government that we shall join an All-India Federation, of course, subject to necessary guarantees and safeguards. It is no secret that it is the participation of the States which has made a federation possible. In its absence it is doubtful whether British India alone can bear central authority. It is the patriotism and wisdom of the Princes which have made it possible for the Round Table Conference to build up a constitution and to put political weight upon it. In the words of the Prime Minister, that has been a great achievement of the Princes, for which both India and Great Britain are grateful to them. The common weal both of our own people and that of Greater India, of which we form a part, requires that we show ourselves to be possessed of courage and imagination at this juncture in the history of our country. This courage is equally demanded in the interests of the Empire. With the proverbial loyalty of the Princes and the States, and their past traditions and achievements, there can be no question that they shall fail their motherland and the Empire at this most critical stage of their relations. We recognise that any measure of federation must involve sacrifices for the States. But we also feel that we ought to prefer the welfare of the Empire and India as a whole to the individual claims of the interests we represent and that only in securing the larger welfare of the country can the welfare of the individual parts thereof be properly secured. I, therefore, hope that this House will express the readiness of the States to join an All-India Federation, of course, subject to necessary safeguards and guarantees.

I now come to the part of the resolution in respect of our desire to secure necessary safeguards and preserve our treaty rights, sovereignty, and internal independence, in the Federal Constitution. I hope we shall not be regarded as blind self-seekers, because we are actuated by a desire to safeguard our rights and privileges. Our treaty rights and internal autonomy are of the most vital importance to ourselves, our Governments and our subjects. We have a sacred trust to discharge in respect of these, and we shall not be doing our duty to our States and their subjects, if we allow these rights to be threatened in any way. It is our duty to secure the fullest opportunity of self-realisation to our people, and we shall not be able to do this unless we guard our rights of sovereignty with meticulous care. It is only when our States have all the freedom of development to which they are entitled under their treaties, that they will be able to serve the wider interests of their motherland and also of the Empire. This is why we desire to secure the rights and privilege of our States

against any encroachment. I cannot conceive that local patriotism of the States must needs be incompatible with a co-existing national patriotism. It would be doing a great disservice to the States not to allow them to manage their affairs in accordance with the genius and instinct of the people.

Confining myself to the smaller States, I can say that they have not stood still. They have shown stirrings of new life, they have responded to wholesome repurcussions of constitutional changes in British India and they have already achieved considerable progress. But they are anxious that they should be free to develop themselves on their own lines and that is why we desire to secure the safeguards and guarantees referred to in the resolution. It is the Crown which alone has the power to provide the requisite guarantees and we are prepared to join an All-Indian Federation on the assumption that the Crown will secure to us the guarantees, safeguards, etc., that we want. With a view to secure these safeguards and guarantees, it is necessary that we should authorize our representatives further to carry on the necessary negotiations. Your Highnesses will remember that the Chamber gave such authority on a resolution which I had the honour to move, and I feel sure that Your Highnesses will agree that we are completely justified, by our experience of the use made of that authority, in entrusting our further negotiations to our representatives. The Chamber will have an opportunity finally to ratify the result of the negotiations; so will each individual State. We shall not be called upon to join the Federation before we are satisfied with the complete picture. We, therefore, run no risk, and I therefore hope that the Chamber will pass the resolution unanimously.

With these words I support the resolution.

The Ruling Chief of Surguja: Your Excellency, Your Highnesses; I deem it a great privilege to be associated with this Resolution which will go down to history as a great and wise declaration of the Princes of India by its acceptance of the scheme of an All-India Federation in its broad outlines. I happened to be in London a few months ago when the Round Table Conference was in session, and, though not a Member of the States Delegation, I had the opportunity of attending its informal meetings as also a few sittings of the Federal Structure Committee as a visitor. I was a witness of the noble and strenuous efforts made by our Delegation at the Conference to secure for the Indian States an honourable place in the future constitution of India. I felt convinced that the Indian States had a great and distinguished part to play in the shaping of the future history of our country. It was therefore with deep concern that I heard rumours of differences among the rulers on certain vital points. The present Resolution will dispel all doubts and misgivings and proclaim to the world that the Princes of India stand united to-day in a historical endeavour calculated to secure enduring peace and the well being of their Motherland. Details have yet to be worked out, especially regarding our cherished rights and privileges, but I have no doubt that all our leaders and spokesmen will carry on further negotiations to that end with complete success. Your Excellency, Your Highnesses, the hopes and fears of the smaller States are the same as the hopes and fears entertained by the larger States in regard to the future constitution of India, and permit me to express the hope, before I resume my seat, that the completed scheme of an All-India Federation in all its details will prove as attractive to the smaller as to the larger units of Indian India.

The Raja of Korea: Your Excellency, Your Highnesses; Now that the scheme of an All-India Federation is being examined in its details, and its various implications are being studied closely and carefully, we naturally feel very anxious when reflectng upon the different problems that we will have to tackle before the scheme assumes its finished and definite form. From the speeches of the preceding speakers it is very gratifying to note that, in spite of the numerous complexities and difficulties which naturally have to be gone over very carefully in the interests of all concerned, the progress that we have been able to make is, on the whole not unsatisfactory. As His Highness of Alwar said, the political conditions existing in India are so heterogeneous, and the cultural, racial, religious and economic disparities are so prominent, that it is hardly a matter for surprise that our progress and advance towards the realisation of this scheme has not been very rapid. The work done at the Round Table Conference, and the work that is being done at the sessions of the Consultative Committee, have not been wasted. On the contrary, I think it is providing a useful basis for the filling in of the details, and the elucidation of the obscure points in the scheme. The crucial elements in this scheme of an All-India Federation have sooner or later to be grappled with, and the prospect of our meeting with impediments, shall I say temporary impediments, should not discourage us. If wisdom and goodwill are brought to bear on the different problems, if an earnest endeavour is made to reconcile different standpoints, if an honest effort is made to appreciate each other's view points, I do not see why we should fail. Generally when such an attempt is made, these impediments cease to baffle, and, if I may say so, pave the way for enduring harmony. I do not see why our efforts should not meet with a similar success. On the contrary I think they will meet with success, and before long the elements of discord that divide us or stand in the way of our progress, will vanish, and we will be enabled to march triumphantly towards this cherished goal of an All-India Federation under the auspices of the Crown and within the British Commonwealth. It is this Constitution which I think will knit all the fragments of India into a solid mass and will provide a bulwark for the Empire. It will be this form of Government which will bring British India and Indian States together and will also be the solvent of the peculiar and unparalleled problems of this country. It is quite natural for us all, when we are on the verge of a change, when we are embarking on this new constitutional venture, to have some apprehensions and misgivings. But when we reflect, when we remember the traditional solicitude of His Majesty's Government and their repeated pledges and promises to uphold our rights and our legitimate privileges, I do not see that there is any reason for alarm. We can very safely rely on them to draft a constitution which will embody provisions to ensure our sovereignty, our internal independence and our rights and privileges. With the assurance that we had from Your Excellency yesterday, I think there is no genuine cause for anxiety, and we might reasonably expect that the draft bill will contain principles which will aim at harmonising to the highest degree the contending claims of all the interests and will also contain provisions for the satisfaction of all reasonable aspirations and the sustenance of all legitimate rights. Besides, we also know that the draft bill will be before us before it is put to the Parliament, and it will be open to us to examine its details and make up our minds before we give our acceptance. In view of these considerations I think there is no reason whatsoever why we

should cry a halt. Speaking for the smaller States, for the so-called Lesser States as they are designated, I may say that they have the fullest confidence in Your Excellency's guardianship, and they confidently hope that the constitution which will be evolved will provide means whereby their rights and privileges will also be respected and safeguarded, and further that the basis on which the question of representation will rest will be decided in an equitable manner and will embody proportions befitting their requirements. Coming as I do last, or perhaps practically last, in the list of speakers and after the debate has proceeded so long, I do not know whether I will be entitled to take up much time of the house and exhaust Your Excellency's and Their Highnesses, patience, and I therefore do not propose to extend my speech any further. After the able speech of His Highness the Chancellor and the speeches of the other Highnesses who followed him, in which the position of the States has been very elaborately surveyed and the importance of their treaty rights and their time honoured privileges have been very emphatically stressed and after hearing those considerations that have been urged to allay all anxiety in our minds, I do not think there is much that I may add. Before I close I think I can feel sure that this House will stand firm in its desire to accept the principle of an All-India Federation on the assumption that satisfactory safeguards will be incorporated in the constitution which will ensure their sovereignty, their intrenal independence and the maintenance of their rights and privileges. With these words I beg to associate myself with the Resolution.

His Highness the Maharaja of Bikaner: I really do not think that there is any necessity for me to speak on this subject after the very lucid and able exposition of the States' view point by His Highness the Chancellor and what has been said subsequently in the course of this debate. Moreover His Highness of Bhopal and I, both before his election as Chancellor and after that, have worked in the closest co-operation, and I think I can honestly say that occasions when we had even the slightest difference of opinion have been of the rarest occurrence. My views on the subject, I hope, are too well known for me to reiterate them to-day. Only the other day in welcoming the Chairman and the Members of the Indian States Enquiry Committee to my State at a banquet, I referred to these matters at considerable length, to which I would beg to invite attention. But orders are orders, and His Highness the Chancellor has insisted that I should attempt to wind up the debate. Happily there is nothing to reply to as I am not aware of any dissentient voice having been raised on this very important Resolution which is before us. I think Your Excellency and my brother Princes will agree that this is not the time for going into details, into which we shall have further opportunities of going into and of saying what we have to say when the final scheme is before us. But may I first and foremost give expression to the liveliest gratification which I derive from the unity which has been so clearly manifest to-day, and for bringing about which the thanks of the States and the Princes are largely due to my friend and successor in the Chancellorship and my brother, His Highness of Patiala. I will not go into the essential questions on which the Princes' attitude depends,—treaties, safeguards, representation and such details,—but as there appears to be some apprehension in the minds of the Princes, and some of them have asked me this question frequently, may I be permitted just to point out that there is nothing settled as regards what percentage of

the population of the States entering will be deemed sufficient for the acceptance of a scheme of federation. I invite attention to what I and Sir Samuel Hoare said with regard to a proposal that only 51 per cent. of the population of the States entering should be deemed sufficient. There is no such settlement, and I personally have expressed my disagreement with that view, because if you are going to have federation of the States, which I am happy to feel is being brought very much closer, we must really have a majority of the States entering.

Sir, with paramountcy well on its way—thanks to the great part which Your Excellency has played—to a reasonable and equitable settlement, the task of the Princes entering the federation has in itself by that important point alone been greatly facilitated. As is natural in the case of people who have not intimate acquaintance with the problems and the details which have been engaging the minds of the Indian States Delegation and have been before the first Round Table Conference, I can well imagine that there are anxieties and apprehensions. Federation, however, is a subject which really first came before the Princes in a more or less concrete form in 1917, and I think to-day's declaration by the Chamber and the Resolution now before us clarify the air, as it is made subject to safeguards which all important communities are reasonably entitled to ask for. We hear of conservatism, but like people situated in the position of the Princes all the world over, I doubt if the most advanced amongst us in regard to political or other views can really be anything but conservative, which is borne out by the caution and care and time devoted to this very question for the last several months, if not years. Sir, if to-day's declaration and the Resolution which I hope will now be passed in the course of the next minute, helps our Motherland to get back peace and order, our labours will not have been in vain and if to-day's Resolution, as we fondly hope and believe, will add to the glory of our King Emperor and to the strength of the Empire, we shall be feeling that we have made some contribution towards those goals which are nearest our heart.

His Excellency the Viceroy: Your Highnesses have heard this Resolution proposed, seconded and supported. Is it your pleasure that this Resolution be passed?

(The resolution was carried unanimously.)

May I say that it is a very great pleasure to me to find a unanimous vote on this matter.

Agendum No. 7.

Resolution by His Highness the Maharaja of Patiala that the Membership of the Standing Committee be raised to nine, the quorum being five, and that the election and other provisions relating to Substitute Members may be deleted.

His Highness the Maharaja of Patiala: Your Excellency, Your Highnesses; The resolution which I have been charged to move, after informal

exchange of views amongst some of my Brother Princes, would read as follows:—

"This Chamber recommends to His Excellency the Viceroy that Part II of the First Regulations of the Chamber of Princes be amended in such a manner as to—

(*a*) raise the number of the members of the Standing Committee to nine permanently, including the Chancellor and the Pro-Chancellor, quorum still remaining five; and to eleven until the important work in connection with the Round Table Conference lasts;

and (*b*) delete the provisions relating to election, etc., of the substitute members;

and that His Excellency the Viceroy be pleased to approve of and give effect to this change before the elections are held during this Chamber Sessions".

Your Excellency, before deciding to move this resolution, we have given most anxious consideration to the arguments for and against this proposal and to the remarks relevant to this question made in Your Excellency's opening address to the Chamber. Any suggestion from the President of this Chamber, and more particularly from one of Your Excellency's tried sympathies and friendship, deserves the greatest possible respect and consideration from us; and we feel sure that we can depend on Your Excellency's accommodating appreciation of our view-point evolved in the light of experience gained and the exigencies of the situation.

Your Excellency had been pleased to suggest in your opening address that we might "give the present condition a little more time to be tested before making the changes that are proposed". We would have unhesitatingly been similarly inclined if, as Your Excellency "had been given to understand" the system of "having substitute members for the Standing Committee was only initiated *a year ago*". But the system of substitute members was *in fact* introduced, immediately after this Chamber accepted His Highness the Maharaja of Kashmir's Resolution in February 1928; so that we have had the experience of this system for over four years. Moreover, it has been re-assuring to hear Your Excellency's remark that you were "not prepared to say that nine is an excessive number" As such, we feel confident that Your Excellency will, in the light of the discussion here based on our four years' experience of the present system, be pleased to give this proposal your blessing and immediate effect should it be adopted by the Chamber.

As explained in the text of my Resolution, the actual permanent increase proposed in the Standing Committee is from 7 to 9; the number of 11 proposed is exceptional till the time the more important work in connection with the Round Table Conference lasts. This is so in view of the very important questions, which are likely to be dealt with by the Standing Committee, as representative of the Chamber in the near future. We could have got these two additional members added to the Standing Committee under its power of co-option, but in view of the fundamental importance of the vital questions coming up, it was felt that it would be fair and desirable to get these two additional members also by the suffrage of the Chamber and directly responsible to it, rather than bring them indirectly through the support of the Standing Committee. The direct election of these additional members of the Standing Committee would

ensure an independent expression of their views, and will give opportunities to all shades of opinion within the Chamber to be adequately expressed in the Standing Committee over the vital issues coming before it. Moreover, the original discussions preceding the Draft of the Chamber Constitution show, as many of Your Highnesses will remember, that the right of co-option was intended to be met in those special cases in which any particular Prince, not member of the Standing Committee, had any special view-point to advance for which his presence in the Standing Committee would be helpful.

Your Excellency, the main reasons prompting my Resolution of to-day may be summed up as follows:—

(1) The work of the Standing Committee has grown so important, even recently, that it cannot properly be disposed of without continuity of interest and full knowledge of the history and pros and cons of the questions involved. The presence of the substitute members gives us the quorum required, but with due deference to the substitute members and in spite of the valuable contribution of some of them, it means their sharing the decision of the questions about which they have not studied or attended the full course of discussion. The mere supplying of proceedings and papers to all substitute members even, for those meetings which they were not attending would not help matters in so far as that would not give them the benefit of listening and contributing to the detailed, free and frank discussions at the formal and informal meetings, which precede the disposal of these questions. It has been proposed that the substitute members may be invited to all meetings of the Standing Committee to watch the proceedings but not to speak or vote. I am sure that the mere statement of the position is enough to condemn it, and that no responsible Ruler could recommend that their Brother Princes who have important and responsible work to discharge within their States may be invited merely to sit in the Standing Committee, nor *prima facie* it seems likely that any Prince would condescend to accept this position.

(2) The substitute members, not knowing whether they will ever be called to attend the meetings of the Standing Committee, naturally do not keep themselves posted with the Standing Committee questions and other connected matters, as they would do if they have the responsibility of the full-fledged members of the Committee.

(3) The substitute members, from the very nature of the Constitution, can only be asked at the eleventh hour by any member of the Standing Committee dropping out, and the continuation of the system means deliberately sacrificing the quality and efficiency of the members to the desire of securing quorum.

(4) There is a perceptible feeling amongst prominent and useful members of the Chamber of Princes not to condescend to be included amongst substitute members. This feeling, I beg to submit, seems natural because it brings invidious distinction in a House based on the equality of members.

(5) It is expected that before long there may be additions to the members of the Chamber of Princes as a result of the examination of the various claims of some of the States not full members of the Chamber of Princes at present. The increased number of the Standing Committee would facilitate better representation of all sections, and should be welcome to those who believe in a cautious enlargement of the Chamber of Princes.

(6) The only argument that can be quoted against the proposed increase is that the smaller number ordinarily ensures more expeditious disposal of business. This argument, however, loses a great deal of force considering that the Standing Committee is confined to *Rulers*, who from the very position which they hold are responsible enough to help constructive despatch of work and are not likely to be irresponsible. Moreover, it is obvious that two well-informed members of the Standing Committee in full possession of the papers and the history of the cases that come up for discussion, would be more helpful in efficient despatch of business than 2 substitute members called through S. O. S. messages at the eleventh hour. Besides, as Your Excellency has been pleased to remark in your Opening Address to the Chamber, the number proposed is not excessive.

In view of these considerations, I beg to move the resolution standing in my name for the acceptance of this House.

His Highness the Maharaja of Bikaner: Your Excellency, the hour is getting late, and His Highness the Maharaja of Patiala and I feel that, if Your Excellency will permit it, we shall, if necessary, reply to any opposition and arguments against this Resolution, but I hope I shall be permitted to sit down after merely observing that the proposal now before Your Excellency and the House is the result of four years' trial and the outcome of the difficulties which we need not go into, which we have experienced in the system of substitute members. It is both for the purpose of the good name of our Order and for better work and also for ensuring a large number of Princes giving representative views that this Resolution is, after the most careful and anxious consideration, placed before Your Excellency and the House for acceptance.

His Highness the Nawab of Bhopal: Your Excellency, Your Highnesses; I beg to support the proposal made by His Highness the Maharaja of Patiala and seconded by His Highness the Maharaja of Bikaner. My reasons for doing so—and I wish to emphasise them—are that, during the next year or two, the Princes will be called upon to deal with such important and vital matters, that I think it is most necessary that our Standing Committee should be as representative as possible. With these remarks I support His Highness' Resolution.

His Highness the Maharaja of Alwar: Your Excellency, Your Highnesses; The remarks that I am going to make will, I hope, be taken in the friendly spirit in which they are made and not necessarily with a view to forming a direct opposition; but I think the object of this Chamber is that every one should be entitled to speak out his own mind and what he feels on these important subjects that come up before the Chamber. Unfortunately, much of the sting and the interest disappears from these

debates, because many of these questions are practically hammered out *ad infinitum*—almost *ad nauseam*—in our informal meetings, and then the formal resolutions come up here for being moved and then being supported by other Princes. After this galaxy of eloquence on behalf of the Ex-Chancellor, supported by the Ex-Ex-Chancellor and further supported by, what to us is a misfortune, the outgoing Chancellor, I feel that I ought to be at least somewhat diffident in saying what I desire to speak before you. But my object in doing so is that, Your Highnesses, in spite of the fact that you may have discussed this question in the informal meetings or elsewhere (and the proper term to use in a formal gathering is not to refer to informal meetings, but in Parliamentary language to say discussions that had taken place in another house). I do not understand at what juncture and at what place this careful discussion took place when the number, originally proposed in the Resolution that came before us in another place as being fixed at 9, about which even His Excellency made a reference in his inaugural address, has been, even if it be until the Federation question is completed, raised to 11. This question was down in the agenda for discussion in that other place. However, invidious that word may sound, but, nevertheless, as a matter of fact, within my knowledge and to the best of my ability, when I was present, except when I was told by the Chancellor that no further discussion would take place on this subject, (I did on one or two occasions leave the House) in our informal meetings, as it was advertised in the agenda, this subject was not discussed by all the Princes and, therefore, it is to me somewhat of a surprise that it should have come up at this moment not only about 9, namely, the addition of two members to the Standing Committee, but the addition of 4 members to the Standing Committee. I am not opposing it, because I have no objection to 2 or 4 Princes coming into the Standing Committee. In fact, I do really believe that, if I wanted to gain popularity, I could suggest an amendment for the Standing Committee to be enlarged to the number of 15, and I am almost certain that it will be carried in this Chamber; but my proposition is a pure and simple business. Whether a Committee of 7, or whether a Committee of 9, or whether one of 11 is going to deal expeditiously with the matters that come before it,—before whom?—before those who are elected by Your Highnesses—to do what?—to do the drudgery in your interests in order that the final question may come up before Your Highnesses for decision. The Standing Committee does not decide on its own account things that are given to it by the Chamber. The Standing Committee reports and any of Your Highnesses who have elected your own nominees to the Standing Committee are at full liberty to alter, modify, or change, when the Resolutions come up, all the suggestions or any of the suggestions that come up from the Standing Committee. Personally, I have been consistent, for from the very time when the first idea was moved and mooted of having a Conference, it was proposed, and it was accepted that the Codification in those days—the Codification Committee as it was called in those days—should consist of 5 members, but it was when the Chamber was being formed that the Committee was raised to 7. Personally I am of opinion that, so long as the Committee does not go off at a tangent and do things on its own and submit its proposals for the approval of the Chamber which it has become accustomed to discuss in the informal meetings and later in the formal meetings, it is only a Committee that works up the details of the important propositions which are placed before the Chamber, and the only reason

that I maintain is that the number 9 or 11 will become unwieldy. I am not going to say anything about the inner workings of even the Committee of 7, but nevertheless a Committee of 11 will, I feel perfectly certain, delay business and hamper the expedious despatch of work. Being myself personally a believer in small committees, provided they have a bigger House to report to, the smaller it is the better. In fact I personally believe best in a Committee of one, but His Highness the Jam Maharaj who, I understand, may be the prospective Chancellor, himself told me that he was against this increase of numbers and he authorised me to say, on his behalf, that he was against this increase for the pure and simple reason that it would mean delays.

His Highness the Maharaja of Bikaner: Can we, Sir, express the views of an absent Ruler?

His Highness the Maharaja of Alwar: Authorised.

His Excellency the Viceroy: I think it is rather undesirable to express the opinion of another Prince unless that Prince is here.

His Highness the Maharaja of Alwar: I only did so, Your Excellency, because I was told.

His Highness the Maharaja of Patiala: Should the absent Ruler write or inform President or another brother Prince?

His Highness the Maharaja of Alwar: This reminds me of a situation that arose in England when the Round Table Conference started to form a Federal Structure Committee and we had a very plausible Chairman, and when the original Committee was fixed at something like 20 or more—just a little more—representations came in from all quarters until finally a Committee of something like 20 or 25 members increased to something like 40 to 45 with the result—I am speaking from memory I do not remember the exact figures—that the Federal Structure Committee made out of the plenary session increased to such an extent that eventually there were about 8 or 9 members left on the plenary session who were not on the Federal Structure Committee, and the question was whether the rest also should not be taken into it. His Excellency in his inaugural address has, for the same reason, stated his objection on two points. One was that the Committee should not be too large and become unwieldy.

His Excellency the Viceroy: I must ask His Highness not to emphasise the position of the Viceroy, the President of the Chamber, in this matter, but if he will remember, and I think Your Highnesses also ought to remember, the last remark made on this matter was that I left it entirely for Your Highnesses and the Chamber to decide.

His Highness the Maharaja of Alwar: I would have come to that, Your Excellency, after making a statement, but if I am wrong I accept the ruling of the Chair. I know that it will gain the popularity of the House to increase the numbers of the Standing Committee. I even believe myself that, if there was no chance of my coming into the Standing Committee as a Member, No. 1, 2 or 3, now I may have the last chance of coming as Member No. 9, 10 or 11. So personally speaking, I am not very much concerned with it, but here I am speaking to Your Highnesses purely and simply on a question of principle for the expedition of business. So far as the representation is concerned, this question has been before us ever

since the original Codification Committee was formed and the subsequent Standing Committee was formed. If the representation was really to be real, then you might have it provincial, then you might have it for representative members although it is not in the Constitution, then you might have it on various other grounds and you may thus enlarge your Committee to a much larger extent still. I personally was never in favour of even substitute members, but I have been told that the substitute members do not like that designation. Well, if that designation was unsuitable, it could have been altered, but, for the time being, I believe it would have been better to have even a larger Committee as we have now consisting of 7 to go through the business expeditiously and for that business to come up before the Chamber for decision. In this connection I would also like to state one other point that, when the Codification Committee was formed, His Highness the Maharaja of Bikaner became the Honorary General Secretary. Afterwards, when the Chamber constitution was being formed, it was considered that that designation was not sufficiently dignified for the position of a Ruling Prince and therefore suggestions were invited and it was His Highness the Gaekwar of Baroda who wrote in a letter suggesting that the position of the General Secretary should be designated as that of Chancellor. It did not alter the position, it did not change his position *vis-a-vis* the Standing Committee. He was given another designation which I myself moved on the recommendation of His Highness the Gaekwar of Baroda and which recommendation was finally adopted. Now, in order to make it very clear I should like to emphasise that the position of the Chancellor from those days has become different, because while he was General Secretary of the Standing Committee then, he now presides over the Standing Committee. He has practically become the liaison officer between the Committee and the Government of India and thus it has given him quite a different position from that which was originally intended as an Honorary General Secretary, for I cannot understand how an Honorary General Secretary can preside over his own Committee and be the liaison officer. Now, in making these statements, I feel perfectly certain that the last two persons who can take offence at my statement are first, my friend His Highness the Nawab of Bhopal, as I have already said unfortunately the outgoing Chancellor, because our relations have been very cordial and I think His Highness understands my points of view even when we agree to differ, and the very fact that I shall have the pleasure of moving a Resolution tomorrow passing a vote of thanks to His Highness the Chancellor will in itself do away with any possible chance of misconception of the idea that I have any or the least desire to attack His Highness the Nawab of Bhopal personally, but I am dealing purely with a constitutional question in the same way. The second person who, I think, will understand me most and misunderstand me least is what I have heard is going to be the prospective new Chancellor, namely, His Highness the Jam Maharaj; for, in this world, if I may touch for one moment on a personal aspect of the case, I possess fewer, dearer and kinder friends than I have in His Highness. So I am perfectly certain that he will not misunderstand what I say, but it is essential that there should be a clear understanding in the future as to what the position of the Chancellor is, whether he is still the Honorary General Secretary of the Standing Committee with a more glorified name or whether he is to be regarded as the Chairman of the Standing Committee and the liaison officer definitely between the Government of India and the Standing Committee and the Chamber of Princes. That is my second proposition. My third proposition in the same statement which

I move with the leave of the Chair which I have obtained is that, in order to give His Highness the Chancellor the proper position and to recognise that proper position instead of its growing by practice into something different from what it was originally, we should accept the position of the Chancellor to be the Chairman of the Standing Committee and then automatically as the liaison officer between the Standing Committee and the Government of India provided the Standing Committee authorises him on specific points to deal with the Government of India or the Viceroy on those subjects. It is on this proposition that I wish to speak and where I have taken leave of the Chair to speak that, if the position of the Chancellor is made definitely and recognised in future as the Chairman of the Standing Committee and not as Honorary General Secretary, then I have third suggestion to make which, for the third time I wish to state and on which I have taken leave of the Chair to move at this time, is that the Chancellor may have an opportunity of selecting his own. Standing Committee. This question was also on the agenda of the informal meeting, but unfortunately we have not had time to discuss it.

His Excellency the Viceroy: I do not want to interrupt Your Highness, but I do not quite understand what the position is. Your Highness says that I gave you permission to move a particular resolution as an amendment to this Resolution. Is that the position?

His Highness the Maharaja of Alwar: When I discussed this question that I wanted to move the question of the Chancellor electing his Standing Committee, Your Excellency told me that I could move it when this Resolution came up.

His Excellency the Viceroy: I am afraid I must have been under a misconception that you are going to move an amendment on this Resolution. This is I think completely out of order. It is an entirely different subject. The question before the Chamber is purely whether the number of this particular Committee should be increased, and I cannot recollect if I gave an indication to Your Highness that I was going to permit you to move an amendment on this particular Resolution and I do not see how it could possibly be done.

His Highness the Maharaja of Alwar: I submit to the ruling of the Chair. I thought I understood it and perhaps I may have misunderstood it, but I moved it as I thought I understood that I got leave of the Chair to move it on this occasion. I will not now deal with the subject.

His Excellency the Viceroy: I regret it extremely if I gave that indication.

His Highness the Maharaja of Alwar: Then I have nothing more to say except to state that the main reason which I have already stated with regard to the additional numbers is not on any personal ground, but merely because I do believe, and I firmly believe, that it will hamper the expeditious work of the Standing Committee and the addition of these members will not in any way facilitate the business which will come up before the Chamber for its final decision.

His Highness the Nawab of Bhopal: Your Excellency, Your Highnesses; I wish to reply only to that portion of His Highness the Maharaja of Alwar's remarks which concern me as Chancellor and which concern the procedure that has been adopted. I beg to assure His Highness that

I do not for one moment attach any personal motive, if I may use the term, to his references to me, nor do I take them as in any way being personal. I think there is nothing personal about them. With these remarks I wish to point out, with the President's permission, that, as far as I read the rules, it is not necessary to discuss a question amongst ourselves before it comes before this house. Your Highness, the proposer altered the procedure with the knowledge of the President, but Your Highness also knows that he left the whole matter to be decided by this house, and the proposer had every right to do so. Previous discussions with the Princes are not necessary but at the same time previous discussion amongst a few of us or amongst a few Princes are not debarred by our rules. Any member who wishes to oppose a proposal can certainly do so on the floor of this house, but that does not mean that any of us who may choose to do so should not discuss the question amongst ourselves before it has been brought before this house. These are my replies to Your Highness' references.

His Excellency the Viceroy: You have heard the resolution proposed, seconded and supported, and Your Highnesses have also heard the speech of His Highness the Maharaja of Alwar. Is it your pleasure that the resolution be passed.

(The resolution was carried unanimously.)

This concluded the proceedings of the day.

PROCEEDINGS OF THE FIFTH DAY.

The 2nd April 1932.

The Chamber of Princes assembled at the Princes' Chamber, Council House, at 11 A.M. on Saturday, the 2nd April 1932. His Excellency the Viceroy presided.

The following Ruling Princes and Chiefs were present:—

Central India.

His Highness the Nawab of Bhopal.
His Highness the Raja of Jhabua.
The Raja of Khilchipur.
His Highness the Raja of Narsingarh.
His Highness the Maharaja of Panna.
His Highness the Raja of Sailana.
The Raja of Sarila.
His Highness the Raja of Sitamau.

Kashmir.

His Highness the Maharaja of Kashmir.

Rajputana.

His Highness the Maharaja of Alwar.
His Highness the Maharaja of Bikaner.
His Highness the Maharaj Rana of Dholpur.
His Highness the Maharawal of Dungarpur.
His Highness the Maharaja of Jaipur.
His Highness the Maharawal of Jaisalmer.
His Highness the Maharaj Rana of Jhalawar.
His Highness the Maharao of Kotah.

Madras States.

His Highness the Maharaja of Travancore.

Punjab States.

His Highness the Nawab of Bahawalpur.
His Highness the Maharaja of Kapurthala.
The Nawab of Loharu.
His Highness the Nawab of Malerkotla.
His Highness the Maharaja of Patiala.

Western India States.

His Highness the Maharao of Cutch.
His Highness the Maharaja Raj Saheb of Dhrangadhra.
The Chief of Jasdan.
The Thakor Sahib of Palitana.
His Highness the Raj Saheb of Wankaner.

Bengal.

His Highness the Maharaja of Tripura.

Bombay.

His Highness the Nawab of Cambay.
The Chief of Jamkhandi.
His Highness the Maharaja of Kolhapur.
The Chief of Phaltan.
His Highness the Maharaja of Rajpipla.
The Nawab of Sachin.
His Highness the Chief of Sangli.
His Highness the Sardesai of Savantwadi.

Bihar and Orissa.

The Raja of Dhenkanal.
The Maharaja of Mayurbhanj.
The Raja of Talcher.

Central Provinces.

The Raja of Korea.
The Ruling Chief of Surguja.

Punjab.

The Raja of Baghat.
The Raja of Kalsia.

United Provinces.

His Highness the Maharaja of Benares.
His Highness the Raja of Tehri-Garhwal.

His Highness the Maharaja of Alwar: Your Excellency, Your Highnesses; With regard to yesterday's discussion I wish to make a personal explanation about two or three points. I am very grateful to Your Excellency for having given me the opportunity to do so because I should like, above all things, any misunderstandings to disappear. I realise the fact that yesterday happened to be the 1st April, and therefore it is possible that there might have been practical jokes played by one on the other. But nevertheless I wish to refer, first of all, to the reference that I made in my speech regarding the Chancellor being permitted to select his own Standing Committee. Now, as Your Highnesses all know, if I had intended to put it forward in the form of a resolution, I would have moved it as such long ago when I discussed it with some of my brother Princes who were in favour of the scheme. But I really wanted to have a discussion, and, if possible, a debate on this subject, and, therefore, when I wrote and asked Your Excellency if I may discuss this question with you personally, Your Excellency was pleased to say—I do not lay too much emphasis on this, and if I am out of order I may be ruled out—that I might bring it forward in the discussion in connection with the enlargement of the Standing Committee.

Similarly, this question was on the Agenda of the informal meeting, but it was postponed from day to day until on the last day I discovered that some more subjects were going to be discussed. I asked His Highness the Chancellor whether this question would come up for discussion, and His Highness informed me that there was no more time. Please believe me I do not wish to attack His Highness in any manner whatsoever, but His Highness did tell me at that time that I could bring it up in my discussion in connection with the enlargement of the Committee. So I had, so to speak, a double mandate, not to move a resolution on the subject, but to put it forward as a subject for discussion and ventilation amongst the members. I quite realise, and I realised then, that it was out of order from the point of view that it did not relate to the actual subject, but I only wish to explain that that was the reason why it ever came on my lips to-day when this question of the enlargement of the Committee was on the anvil.

With regard to my reference to Your Excellency's speech which I quoted, saying that you are in favour, that Your Excellency thought that too big a Committee would be unwieldy, I was going to say further that Your Excellency had also said that you did not like too many changes coming too quickly in regard to the constitution and amendments to the constitution. But at the end of that I was going to say very explicitly what Your Excellency said, that you are leaving the matter to the Chamber to decide as it pleased. So far as the reference to the Viceroy's speech is concerned, whether in the inaugural address or otherwise—they are frequently quoted and mentioned in the debate—above all things what else is it in the end, when the Princes will make a reply to Your Excellency's speech and will be quoting or answering most of the portions of Your Excellency's inaugural address. Hundreds of instances I can quote where the Viceroy's utterances have been quoted in debate, and therefore I hope, with all respect I say this, that I was not constitutionally out of order in referring to Your Excellency's utterances.

Then, there is a third question regarding the position of the Chancellor. I intended to enlarge upon that. I have already stated many of my arguments as to whether the future position of the Chancellor should be what

it is under the present constitution of no more than that of an honorary secretary or whether it should be that of the President of the Standing Committee, or the liaison officer between the Committee or the Chamber and the Government of India. On that question I should like still to ask, unless Your Excellency wishes it otherwise, that a ruling may be given for the future. If Your Excellency likes, I can postpone the question and put it in a more formal way next time whether the position of the Chancellor should be that which is constitutionally put down as that of an honorary general secretary under the glorified title of Chancellor or whether it should be that of the Chairman of the Committee and a liaison officer.

I have already stated yesterday that I did not think any personal motives could be ascribed to me on that point because His Highness our good Chancellor at the present moment, alas! only for a few more minutes, has for some reasons of his own decided to withdraw himself from that position which he has so wonderfully and splendidly occupied during the last year: nor could motives be ascribed, least of all, to the new prospective Chancellor, under the canvassing system, His Highness the Jam Sahib. I have stated it yesterday, and I do not wish to repeat it now.

But I think it is necessary that we should be clear in our minds what the position should be during the year. But here, if Your Excellency should wish that this question should not be mooted officially, I will be glad to withdraw it and to put it forward before the Chamber next year.

The fourth point that His Highness the Chancellor stated yesterday was of a somewhat important nature—that no rules bound us to discuss things informally and that we come and say what we like in the Chamber. Of course informal meetings of the Committee or the Standing Committee or the Chamber are not really recognised at all in this Chamber in any manner whatsoever. But when a definite agenda is made, subjects are discussed and we come forward to bring our points of view and everybody is legitimately in his right to oppose anything that came up, I think it will shatter the object of the informal meetings if certain subjects are not brought up before the Committee, or if they are brought up before the Committee, they are not brought up before the informal meeting, and are decided by a certain number of princes privately and brought up before the Chamber as a surprise and are then proposed and voted for.

So far as our meetings outside this house are concerned I know advantage is taken sometimes of learning each other's opinions which can be refuted in the Chamber officially. I know of one case: His Highness of Patiala quoted one of my own opinions which I unfortunately cannot quote to-day because the proceedings of yesterday's meeting are not before the Chamber to-day, I believe due to the Factory Act having come into operation last night under which the press and other institutions have to close at a certain hour.

The last reference I have to make is with regard to the reference I made to His Highness the Jam Sahib's opinion. I try to be constitutional and I have tried to study the rules. I know of no rules that prevent any one from quoting the opinion of another Prince in the Chamber, I never attempted to ask that His Highness the Jam Sahib's views which I expressed were to count as a vote when the voting took place. This is the personal explanation I wanted to make, Your Excellency and Your Highnesses, before this Chamber about yesterday's proceedings. I sincerely hope that Your Highnesses will not accuse me of

want of friendship or want of courtesy. In bringing up this question I wanted to clear my position, and in doing so I assure you that friendship and personal contacts are not such things, or ought not to be such things, that could possibly be guided by official debates in this Chamber when we may happen to have a different point of view. Therefore the one question which is now really for consideration before the Chair is, first of all, what should be the position of the Chancellor. If His Excellency the President wishes, as I have already stated, I would gladly withdraw the subject until the next year. The second question refers to informal meetings and to the Chancellor selecting his own committee, which could come up in the form of a resolution which, I think, if necessary, can be moved next year.

His Highness the Maharaja of Patiala: Your Excellency, Your Highnesses: I crave the indulgence of this House to make a personal statement. His Highness the Chancellor and His Highness the Maharaja Sahib of Bikaner very graciously referred to me in their speeches yesterday, in very kind terms for my humble contribution in bringing about unity amongst our Order at this juncture. I am grateful to them for this kindness, but I owe it to this House to declare, as I have already stated elsewhere, that the credit forbringing about this much desired Unity, on the fundamental essentials involved, goes primarily to Their Highnesses of Bhopal and Bikaner, and I think they are entitled to the gratitude of this House as well as of the best friends of India and the Empire. Whatever may have seemed as my contribution towards this happy consummation, in reality belongs to my esteemed colleagues Their Highnesses of Dholpur, Panna and others and I wish publicly to record my obligations to them for having paved the way for the Unity which we all applaud. I pray that the important and delicate negotiations to follow may help to further cement this Unity in the Princes' Order in the interests alike of India and England.

Agendum No. 8.

Elections.

His Excellency the Viceroy: The next business before Your Highnesses is the election of a Chancellor, Pro-Chancellor and members of the Standing Committee. I think probably it would suit your convenience if I ask the Secretary, Sir Charles Watson, to give you general information as to the procedure in order to avoid any inconvenience and make it perfectly clear to any new members of your Princes' Chamber.

The Hon'ble Sir Charles Watson: Your Highnesses, The voting papers will be distributed to all the Members and representative Members of the Chamber for the office of the Chancellor. Only members of the Chamber in their own right are eligible. Only one name should be written on the voting paper and the papers should not be soiled. The box in which the papers will be put when the name has been entered will be placed on this table.

His Excellency the Viceroy: I am to inform Your Highnesses that His Highness of Bhopal, His Highness of Kashmir, His Highness of Bikaner, His Highness of Patiala and His Highness of Dholpur are not standing for election as Chancellor.

(The election was then conducted.)

The Hon'ble Sir Charles Watson: The result of the election for the Chancellor is as follows:—

His Highness the Maharaja Jam Saheb of Nawanagar	36 votes.
His Highness the Maharaja of Alwar	2 ,,
His Highness the Maharao of Cutch	1 vote.
His Highness the Maharaja of Kolhapur	1 ,,

His Excellency the Viceroy: The next business, Your Highnesses, is to elect the Pro-Chancellor. I should like to inform you that His Highness the Nawab of Bhopal, His Highness the Maharaja of Kashmir, His Highness the Maharaja of Bikaner, His Highness the Maharaja of Patiala and His Highness of Dholpur are not standing for election for Pro-Chancellor.

The Hon'ble Sir Charles Watson: Your Highnesses, the procedure in regard to the election of the Pro-Chancellor is exactly the same as that for the election of the Chancellor.

(The election was then conducted.)

The Hon'ble Sir Charles Watson: The results of the voting for the Pro-Chancellor are as follows:—

His Highness the Maharao of Cutch	30 votes.
His Highness the Nawab of Bahawalpur	3 ,,
His Highness the Maharaja of Alwar	3 ,,
His Highness the Maharaja of Panna	2 ,,
His Highness the Maharaja of Rewa	2 ,,

His Highness the Maharaja Raj Saheb of Wankaner, and His Highness the Raja of Tehri (Garhwal) have got one vote each.

His Excellency the Viceroy: Your Highnesses, your next business is to elect members of the Standing Committee. I should like to inform you that His Highness the Maharaja of Kashmir and His Highness the Maharaja of Kapurthala have both told me that they are not standing for election to the Standing Committee.

The Hon'ble Sir Charles Watson: Since the decision of Your Highnesses in the House yesterday, which has been accepted by the Viceroy, nine names will be placed on the voting paper, excluding the Chancellor and the Pro-Chancellor. Only Members of the Chamber of Princes in their full right are entitled to be elected as Members of the Standing Committee. Nine names will be placed on the voting paper and the voting papers should not be signed.

(The election was then conducted.)

The Hon'ble Sir Charles Watson: The following is the result of the elections for the Standing Committee:—

His Highness the Maharaj Rana of Dholpur	37 votes.
His Highness the Maharaja of Bikaner	35 ,,
His Highness the Maharaja of Panna	35 ,,
His Highness the Nawab of Bhopal	34 ,,
His Highness the Maharaja of Patiala	34 ,,
His Highness the Chief of Sangli	33 ,,
His Highness the Maharaja of Alwar	30 ,,
His Highness the Maharaj Rana of Jhalawar	29 ,,
His Highness the Maharawal of Dungarpur	25 ,,

The following votes were also recorded:—

His Highness the Nawab of Bahawalpur	12 votes.
His Highness the Nawab of Malerkotla His Highness the Maharaja of Rewa	9 votes each.
His Highness the Maharajas of Porbander and Jaipur.	5 ,, ,,
His Highness the Maharaja of Kolhapur The Nawab of Sachin	3 ,, ,,
His Highness the Raj Sahib of Wankaner His Highness the Maharawal of Jaisalmer	2 ,, ,,
His Highness the Maharaja of Tripura His Highness the Nawab of Rampur His Highness the Nawab of Cambay His Highness the Sardesai of Sawantwadi His Highness the Maharaja of Benares His Highness the Maharaja of Travancore His Highness the Maharaja of Kapurthala His Highness the Raja of Narsingarh His Highness the Raja of Suket The Maharaja of Mayurbhanj His Highness the Maharao of Kotah	1 vote each.

Agendum No. 12.

Resolution of thanks by His Highness the Maharaja of Alwar to His Highness the Chancellor.

His Highness the Maharaja of Alwar: Your Excellency, Your Highnesses; The Resolution that I was going to move was a vote of thanks to the Chancellor, but I am afraid, now that the elections have taken place, the vote will have to be to the *ex*-Chancellor. Therefore with that amendment my Resolution runs as follows:

> "That the Narendra Mandal places on record its deep sense of gratefulness for, and appreciation of, the work performed by our recent Chancellor, His Highness the Nawab of Bhopal. During his term of office His Highness devoted considerable labour and attention to the interests of Princes on questions of supreme importance such as federation, paramountcy and ceremonials, with very beneficial results".

I shall have but little to add to the Resolution itself, which is comprehensive. Many a time in the past the Chancellor has had to fight gallant battles on behalf of the Standing Committee and the Chamber. But in this case I find that His Highness has been deprived of that opportunity, and there have been no battles fought on behalf of either institution, for we have as the Chairman of our Chamber one who has been so sympathetic that he has readily listened to our points of view with sympathy and interest. Nevertheless, with all due deference I say this, that I do not know of any Chancellor previous to him in whose time such momentous questions, not only regarding Indian States but of All-India importance, have come before him for consideration and solution, such as federation and paramountcy. I have been amazed almost astounded, at the manner in which His Highness has become a pastmaster in the art

of constitution-making. He has been able to remove many of our doubts on questions such as uni-cameral legislatures, bi-cameral legislatures, federation, confederation, and many other intricate questions involved. His Highness has also taken up wholeheartedly the question regarding paramountcy and ceremonials, particularly the former which I stated yesterday is one of the most important subjects that lie before His Excellency the Viceroy and us for a correct solution of them. His Highness has not spared his labours, his time or his energies in the interests of our Order, and I know that even at the sacrifice of health and his personal predelictions, perhaps not wishing even to go to England, he has sacrificed many of his personal wishes for the sake of the Order which elected him as Chancellor.

I know it has been said sometimes that this house occupies much of its time in congratulations and condolences. However that may be, nevertheless in the case of His Highness the *ex*-Chancellor, as in the case of the previous congratulations which we have sent from our hearts, it is only right that we should place on record the services and the good work that His Highness has done for our Order. He has been very assiduous, he has been very businesslike, and I have only one complaint to make during his Chancellorship and that is that he has had an almost intolerable patience for dealing with questions that have come before him, when he has sat for hours listening to discussions and yet has been supremely calm and dispassionate in the end. I feel that I need say very little more, except that His Highness has been one of the best Chancellors that we have had, and it is a matter of deep concern to us that for reasons of his own he has declined to stand for the Chancellorship this year. We trust that His Highness, in the precincts of his home and in his State, will be refreshed and will be revived in order that later on he may take up, with the same vigour and energy, which no doubt he will still do in the Standing Committee, the work on behalf of his order and for the sake of the Empire. With these words, Your Excellency, I move the Resolution and the vote of thanks to His Highness the Nawab of Bhopal, our recent Chancellor.

His Highness the Maharaja of Patiala: Your Excellency, Your Highnesses: Last year, Your Highnesses may remember, some of us opposed His Highness the Ruler of Bhopal's Chancellorship. I was his rival. Some of my friends felt that I, having had experience of it, would do better as Chancellor, and I have no need to mention what we all feel to-day. He has been at the plough for one year. I feel confident that if his health had permitted his offering himself for Chancellorship to-day we would have welcomed him unanimously. Last year was one of unprecedented importance and called forth the most delicate handling and tact from those negotiating on behalf of the Indian States. In this great though grave task, His Highness the Chancellor has led the Princes' team with an ability, sweet reasonableness industry, sincerity and courage which at once command our respect and affection. In dealing with questions of paramountcy, ceremonials, etc., Your Excellency has borne out the marvellous sense of constructive statesmanship, and courageous imagination shown by our gifted Chancellor. At the Federal structure committee in the Round Table Conference, his contribution has raised the Princes high in England and India. In our Standing Committee and

Informal Meetings, he has been a most courteous, though impartial disciplinarian, who has worked hard himself and has infected every one around with his sense of industry and devotion. In short his contribution during this year of his Chancellorship has been unparalleled, and his name will go down in history as one of the chief Architects of the new Constitution for India, which may develop to be the greatest achievement of our Times. It is unfortunate that his health does not permit his continuing as Chancellor. But, I pray that he may soon get completely fit and that this valuable sincere, amiable and inspiring asset may live long to serve and lead the Indian States and greater India, and that we may see him Chancellor again for a considerably longer period than his present term.

With these words, I support the resolution.

His Highness the Maharao of Cutch: Your Excellency, Your Highnesses; I wish to associate myself in a few words, a very few words, with the Resolution which has been proposed by His Highness of Alwar and seconded by His Highness of Patiala. Having had the pleasure and privilege of being a colleague of His Highness the Ruler of Bhopal on the Standing Committee, as well as at the Round Table Conference, I feel that I can speak with some personal knowledge. I can add my personal testimony to the solid and most important contribution which His Highness of Bhopal has made in the cause of our States.

With these few words I wish to associate myself wholeheartedly with the Resolution which is now before the House.

His Highness the Maharaja of Kashmir: Your Excellency, Your Highnesses; May I be permitted to associate myself entirely with what has fallen from the speakers who have preceded me?

Speaking for myself without exaggeration, I can say that many a time I was filled with intense admiration for the remarkably efficient manner in which His Highness discharged his duty. The industry which he brought to bear upon the investigation of the problems which he was called upon to resolve was surprising. On every occasion I found him master of his subject. His frankness, his courage and his cool manner compelled respect while his earnestness and devotion to the discharge of his responsibilities were simply exemplary. He has wholeheartedly devoted himself to his duty as Chancellor during the year that he held office. He even sacrificed the interests of his State which naturally have the first claim on his attention. And that is I believe the chief reason why he found that in fairness to his State, he could not continue beyond the year to hold the office to which we called him by our vote last year.

I trust His Highness will permit me to say that he has placed us under a great debt of obligation which we shall always treat as a debt of honour, because we have no means of discharging it. For my part I shall always retain the liveliest recollection of the resource and the vigilance of which he has given proof during his tenure of office and I hope he will allow me to say that even though he lays down office, we rely upon him not to relax his efforts on our behalf, particularly in regard to certain vital questions which, by dint of unremitting industry, he has made peculiarly his own. I can say in all sincerity that His Highness of Bhopal is a shining example to his Brother Princes in his earnestness and devotion to duty, and as such an inspiration to us all.

On the eve of his retirement from office, my one wish for him is that his natural modesty may not prevent him from experiencing the profound satisfaction which is the reward of duty wholeheartedly performed without expectation of praise or thought of recognition.

His Highness the Maharaja of Bikaner: No Resolution in the course of this session, not even the Resolution which we passed yesterday about the Federation, has afforded me greater pleasure than this vote of thanks to His Highness the Chancellor who, according to the Constitution, continues to be the Chancellor of the Chamber of Princes until the end of this session; for, as I said yesterday, whether or not I subscribe to all the views that have been brought forth in the debates during the session, I have had particularly the privilege of very close association with His Highness and perhaps therefore I am more than any other brother Prince present here or not present here, in a position to see for myself the amazing amount of solid, fine work that he has done and the manner in which he has discharged his high responsibilities. The office of Chancellor is not a little exalted, because, although a Chancellor is the servant of his brother Princes and of the States, he is above all the premier leader of the Princes so far as the Chamber is concerned. Onerous and exacting are his duties, and great his responsibilities. Some of us, who have been Chancellors in the past, his two predecessors—His Highness of Patiala and myself—can alone know the vast amount of work, apart from drudgery, which is involved and the power that is necessary for the Chancellor, not only as the mouthpiece of the Princes and the States, but as the custodian of their rights and interests. Blessed with ability, with brains and independence of character, untiring energy and great capacity for work, His Highness has carried on the finest traditions, established in the Chamber, of the Chancellor not as a seeker or hunter after cheap popularity but so as to do his best to make the most solid and the strongest contribution in the interests of the King Emperor and of his Order. His patience has been wonderful and so is the manner in which, despite many difficulties and worries which attach to his office and which have faced him, and if I may repeat a phrase His Highness has maintained in the finest manner the traditions built up by us of helping to bring dignified and as brief debates as possible as the order in this Chamber and to facilitate the disposal of business by a great deal of tact and to get through our discussions and where necessary to smooth over the difficulties and differences and composing differences at our informal meetings even though decisions on matters coming before the Chamber which we may pass at informal meetings may naturally have no binding force. The differences of the past 12 months, which nobody knows more than His Highness the Maharaja of Patiala and myself, have been composed largely due to His Highness' tact and his openhearted manner of dealing with such matters with his brother Princes. We who have been Chancellors before him have some reason, I hope, we may say with modesty, to look back with pleasure to our terms of office and our attempts, however poor, to succeed as best as we could in the interests of our Order by thoroughness and attention to detail, but really, Sir, it is no language of exaggeration when I say that we are amazed at the wonderful work, the outturn of work and the importance of the work which His Highness has got through in the past 12 months. His Highness' term of office will be especially remembered with the deepest gratitude by the States in regard to Paramountcy and Ceremonials and the rights of the Princes and other matters

connected therewith and in regard to Federation. It has been a matter of gratification I am sure to all of us to hear the very generous words of His Highness of Patiala who has just said that but for the fact of His Highness' health which we are sorry to feel has been further impaired by the heavy work, but for his health, His Highness of Patiala and his friends—we are all now friends—would have welcomed His Highness' re-election as Chancellor. His being compelled on grounds of health not to stand this year is a matter of misfortune to us all at this critical juncture. I say nothing invidious in regard to the future successors of His Highness when I join with His Highness the Maharaja of Patiala in expressing the hope that, in days to come, we may have the good fortune to have His Highness back as Chancellor and for a longer period.

May I be permitted to take this opportunity of tendering our congratulations to His Highness the Maharaja Jam Saheb of Nawanagar who, from the time, even before the time the Chamber was started, and from the days when we were holding before it our annual Princes Conferences, is one, if I may respectfully say so, of the old Brigade who has shouldered the burdens and fought the battles of the States for the last 16 to 20 years and in these circumstances we all rejoice that, though we lose greatly by His Highness the Nawab of Bhopal not standing again as Chancellor, we gain in having as his successor a Prince of such reputation and solid work behind him in the person of His Highness the Jam Sahib of Nawanagar, and I would like finally to tender our congratulations also to His Highness of Cutch for being re-elected Pro-Chancellor and to express the hope that, now that His Highness the Maharaja of Kashmir will have 12 months more to deal with the important work which lies before him, he will next year come and take his due place amongst us in the Standing Committee and in higher offices. I believe to-day, Sir, is the Jubilee or the official anniversary of the 25th year of the reign of His Highness the Maharaja of Nawanagar and I think I shall not be ruled out of order if I take this opportunity of expressing congratulations and good wishes of this House to His Highness.

His Highness the Maharaja of Patiala: I support it

His Highness the Chief Saheb of Sangli: Your Excellency, Your Highnesses; Having had the pleasure and privilege of being associated with His Highness the Chancellor at the meetings of the Standing Committee, I feel I cannot let this opportunity slip without paying to him my humble tribute of grateful appreciation for the manner in which he has performed his exacting duties. The work that His Highness has done as Chancellor of the Chamber of Princes has been of a very high order. His Highness had conceived a plan and a purpose for the year of his chancellorship, and he gallantly stuck to them, notwithstanding the fact that, by virtue of his position, a Chancellor has to face many difficulties and distractions. The work to be performed during the year was of the most important kind. Not only were there the questions which the Chamber has had to deal with in the ordinary course since its creation, but there were also problems arising out of the work of the Round Table Conference which involved the most momentous issues affecting the future of our Order, our States, India as a whole and the Empire. We may well consider ourselves fortunate in having had such an able and distinguished Chancellor as His Highness during the period when the Round

Table Conference went through the second stage of its work. The work which His Highness put forward at all meetings whether formal or informal bore the vivid hall-marks of close personal study, great application and ungrudging devotion. There was not a point of view which he had not mastered, and he was thus able to give a very useful lead to the meetings, which he was always able to manage with tact and success. The high office held by His Highness has brought to our notice the noble qualities of head and heart with which he is so abundantly endowed, which entitle him to our high esteem, regard and admiration. His Highness has done valuable work with regard to the important questions of Paramountcy and Ceremonials. We owe him our warm and grateful thanks for the great zeal, ability, devotion and public spirit with which he has discharged the onerous duties of his high office. I trust that the Chamber will continue to benefit by His Highness' weighty contributions even though he has laid down the reins of his high office. With these words I have genuine pleasure in heartily associating myself with the Resolution expressing our gratitude to His Highness.

The Ruling Chief of Surguja: Your Excellency, Your Highnesses; It gives me very great pleasure indeed to support this resolution. His Highness the Nawab Sahib of Bhopal assumed charge of his responsible office at a most critical period in our history, and there can be no two opinions that he has thoroughly justified the choice of his brother Princes during the short term that he has been our leader. As one who had special opportunities of watching His Highness' activities as leader of the States Delegation in London, I can testify to the great zeal and exceptional ability with which he represented our interests at the Round Table Conference. I cannot help giving expression to my sincere regret that His Highness has not found it possible to continue as our Chancellor till the conclusion of the task of constitution-making to which he has lent his able hand. It is my earnest hope, however, that although His Highness may officially cease to be our leader from to-day, he will continue to be our friend, philosopher and guide till such time when he will be prevailed upon to return to the distinguished office of Chancellor which he has so greatly adorned during the last 12 months.

Raja of Sarila: Your Excellency, Your Highnesses; I deem it an honour to support the resolution moved by His Highness the Maharaja of Alwar and seconded and supported by Their Highnesses. Their Highnesses the Mover, Seconder and Supporter have expressed the sentiments of this House by paying their tribute to the numerous qualities of His Highness the Chancellor. I think, I will be failing in my duty, if I let the opportunity pass without giving expression to the feelings of gratitude that I entertain towards His Highness the Chancellor. His Highness assumed the charge of his responsible office at a most critical juncture. No sooner responsibility fell upon His Highness' shoulders than he applied himself heart and soul to the task. His activities as Chancellor were many and varied and his indefatigable energy and zeal were always utilised in the service of the Princely Order.

I had the pleasure and privilege of serving on the Second Round Table Conference as a Delegate. His Highness the Chancellor was the Leader of our Delegation and I had the good fortune of being associated with him. The tact and zeal with which he led the Delegation through the discussions of the complicated problems won for him our admiration. His

grasp of the situation, farsightedness and impartiality are the secret of the success of the Delegations work in London. Besides formally representing the Indian States at the Conference, His Highness had also to preside over our deliberations at the informal meetings and the statesmanlike ability and friendly manner in which he conducted the debates there, are beyond praise.

His Highness was also responsible for taking up the question of Paramountcy and Ceremonials with His Excellency the Viceroy, and we are sure His Excellency, with his wide and intimate knowledge of the affairs of the States and sympathy he entertains towards the Princes, will be kind enough to decide the matter to the satisfaction of all the States.

I feel sure that it would be the desire of all the Rulers of the Smaller States that our grateful and united thanks be tendered to His Highness the Chancellor for the interest he has taken in promoting the cause of the Entire Order.

I have no doubt that although His Highness may be relinquishing his office as Chancellor to-day, he will continue to take the same interest in the affairs of the Order as hithertofore and will always lend his hand in helping the common cause of Indian States.

With these words I support the resolution.

The Raja of Korea: It is with infinite pleasure that I rise to add my feeble voice and echo the great and eloquent tributes that have been paid to the great work of His Highness the Nawab of Bhopal as our Chancellor. It is not only a matter of pleasure to me but one of privilege to associate myself with the words, and with the Resolution of His Highness the Maharaja of Alwar, for the retiring Chancellor and I have every hope that the remarks of appreciation that have fallen from the previous speakers represent the wish and appreciation of the whole House. Those of us who have known His Highness personally will readily testify to the able and untiring manner in which he has handled his task and has been conscientiously trying to work, to promote our interests, and to advance our cause both here in India and at the Round Table Conference in London. His Highness has also very creditably and very admirably upheld the dignity and the traditions of his high office which were established by his distinguished predecessors. His Highness' work at the Round Table Conference, in advocating our cause in the discussions relating to the question of Federation and in generally supporting the standpoint of the States, is also a matter which deserves our sincere praise. His Highness' unfailing courtesy and brilliance has endeared him to us all and I am perfectly certain that, now, when, he is laying the mantle of his high office, the whole House will rise to honour him and pay him a fit tribute for his sincere and devoted services. With these words, Your Excellency, I very heartily support the Resolution moved by His Highness the Maharaja of Alwar.

His Excellency the Viceroy: Your Highnesses have heard the Resolution proposed, seconded and supported. Is it your pleasure that the Resolution be passed?

(The Resolution was carried unanimously.)

His Highness the Nawab of Bhopal: Your Excellency, Your Highnesses; All that has been said in this Chamber this morning is calculated to render me speechless. I am deeply touched but at the same time greatly embarrassed. I cannot hope to express in an adequate manner my real feelings but it is my solemn duty to make an attempt to do so.

Your Highnesses will believe me when I say that I regard this as easily the proudest moment of my life. At the same time, I am bound to say that Your Highnesses have been over-generous in your united praise of my work—a praise which has been put very high. For my part, I feel that I have only endeavoured to do my duty. It is certainly very encouraging of Your Highnesses to regard that duty as well done. Nor can I claim as entirely due to my own initiative any efforts that have been made during the last twelve months for obtaining recognition of the rights of the States in a variety of spheres. All these efforts were inspired and guided by Your Highnesses, and it is noble of you to thank me for something which was really done by you and which could never have been achieved without your active support and assistance.

May I at once say that whether I am Chancellor or not, I shall regard it as my solemn duty to go on working as I have done, to continue my co-operation with Your Highnesses, and I trust Your Highnesses realise without my saying so, that my humble services are, and shall continue to be at your disposal and command.

Your Highnesses, let me conclude by thanking you from the bottom of my heart for all your appreciation and for the handsomeness which you have attached to my retirement from office. My work as Chancellor has been a joy, and if I have willingly and ungrudgingly decided to transfer it to other hands, it is because of my confidence that it will be far more ably performed by my successor.

I join His Highness of Bikaner in tending my most respectful and firm congratulations to His Highness the Jam Saheb, my successor to the office of Chancellorship.

His Excellency the Viceroy: I have to inform Your Highnesses that His Highness the Maharaja Jam Saheb of Nawanagar has left a message in the hands of Sir Charles Watson which, I think, you would wish that he should read out to you.

The Hon'ble Sir Charles Watson then read the following message from His Highness the Maharaja of Navanagar:—"Your Excellency, Your Highnesses; It is a source of great regret to me that I cannot be present in person to thank Your Highnesses for the signal mark of confidence which you have conferred upon me. As many of Your Highnesses know, it was necessary for me to return to Jamnagar in order to participate in the religious ceremonies falling due on the occasion of my Silver Jubilee which according to the Indian dates occurs on April 2nd. The social celebrations connected with the event will take place whenever Their Excellencies Lord and Lady Willingdon can honour me with a visit and I hope at the same time to have the privilege of welcoming many of my Brother Princes. And I should like to assure you that no engagement of any lesser importance would have been suffered to prevent me from rendering to you all my thanks in person. But though I may, as indeed I do, regret this circumstance, my absence from the Chamber at the time of the election is, from another standpoint, a source of satisfaction to me;

since it is clear that Your Highnesses have taken your decision in the only fashion which affords a positive guarantee that you have taken it without any influence from me.

Your Highnesses, I am proud to think that at this juncture in our fortunes, you should have such confidence in me as to constitute me the mouthpiece of this Chamber. While the weight of the responsibility with which you are entrusting me makes me diffident of my own powers, I must frankly own that I look forward with the keenest pleasure to the opportunity of working in close association with my esteemed and revered friend His Excellency Lord Willingdon, our President. The fact that his wise counsel and powerful co-operation will, I know, be available to me, encourages me to hope that I may achieve a measure of success which, without such aid, I could not attain. I will endeavour to do my duty impartially, and, as I hope, the friend of all. I am no lover of secret diplomacy of organised parties within our Order. In this connection I am sure Your Highnesses will not misunderstand me if I see in my election a definite mandate to smooth over the asperities of personal differences; to recognise the right of divergent views to be heard and respected: and to conduct the business entrusted to me frankly, openly, and as the servant of the entire Order. And may I earnestly appeal to the members of this Chamber, as well as to my colleagues of the Standing Committee, to co-operate actively with me in labouring on behalf of the common cause in the difficult task before us at this critical juncture in the history of India. It is in the confident expectation that this appeal will meet with a generous response, that I embark with confidence, if with all humility upon the work with which you have so generously and affectionately entrusted me.

Your Highnesses, once again I thank you. I can only say I am deeply touched with the signal mark of confidence you have reposed in me.

His Excellency the Viceroy: The next business is reply of members and representative members to His Excellency the Viceroy's opening address.

His Highness the Maharao of Cutch: Your Excellency; I have to tender the reply of this house to Your Excellency's opening address. I may add that I do so at the special request of His Highness the Chancellor the Ruler of Bhopal.

Your Excellency, our practice during the past many years, in replying to the Viceroy's address, has been to deal with most of those points which arose out of such address, and to state our views on such points. In addition we used to introduce into our reply other points to which we desired to draw the Viceroy's attention. This year, it happens that due to the opportunity afforded us by Your Excellency's kindness, we have already discussed not merely the points occurring in your address, but also extraneous matters. Therefore, there is very little that we can say.

In the case of the Viceroy who was presiding over our Chamber for the first time, it was our practice to extend to him a warm welcome. In Your Excellency's case, instead of waiting for the last day of our session when our reply is read, we moved and carried unanimously, and enthusiastically, a Resolution of welcome to Your Excellency. We can therefore only re-affirm the sentiments which we have expressed, and reinforce our good wishes for Your Excellency's success.

We have already moved formal resolutions on two topics touched upon in Your Excellency's address, namely, the great qualities of those of our brothers who are no longer with us in this world, and the sanguine hopes we all entertain of those who have taken their places and have been welcomed by us in this Chamber. We shall not now add to what has already been said. But we desire to thank Your Excellency for the kind sentiments which you expressed alike for the former and the latter.

Nor need we here refer to the two matters which have for years past lain close to our hearts, namely, details of Ceremonials and the operation of Paramountcy and as a separate Resolution thanking Your Excellency for your attitude towards these matters has already been moved and unanimously carried, in this Chamber.

It is not even necessary for us at this stage to express any views about the prospects of Federation. On the day of Your Excellency's address, the position was perhaps in some doubt. That doubt was happily dispelled yesterday, and our attitude was clearly defined in the Resolution that we unanimously passed. The wording of that Resolution did not afford scope for the expression of the conviction which we hold very strongly. Although we have welcomed and supported the attractive idea of Federation, we are quite clear in our minds that India must remain within the Empire and the British connection must be maintained. We say this not merely because we desire the Crown to protect our rights; we say this because we are convinced that this connection should remain, for as far as we can see ahead, it is for the good of India.

Before bringing this reply to a close, would you permit me, Sir, to thank you for the great kindness with which you have presided over our deliberations. Big decisions have been taken on great constitutional questions in this session which will be memorable in the history of India.

And now we desire once again to affirm our faith in your friendship, and we trust that this friendship will abide and remain constant. Your Excellency knows what value we attach to happy relations with the King Emperor's representative and to his good will, and we are confident of these during your term of office.

His Excellency the Viceroy: That closes our business for to-day, and in closing this session of your Chamber perhaps I may be allowed first of all to echo and to associate myself in every way with all the references which many of Your Highnesses have made to the work of His Highness the Nawab of Bhopal. I can say from personal experience—and he and I have been closely associated for very nearly a year—that our association has been, and I shall always look upon it with the greatest satisfaction for that fact, one of the closest friendship and the most happy relationship in every possible way. I should like to thank His Highness the Maharao of Cutch most sincerely for his charming remarks which he has just addressed to your Chamber. He has expressed the hope that His Majesty's representative will show an interest in Your Order and in the Princes. You may be quite sure that as far as the present Viceroy is concerned, from old associations of many long years, that is sure to be an accomplished fact so long as he remains Viceroy of India. And I should like, in a very few words, to thank Your Highnesses most sincerely for the courtesy and consideration which you have given to me during my presiding over the first session of the Chamber as far as I am individually concerned, a session which I think may prove to be very likely one of the most historic and momentous in the history of your Chamber.

May I add that I trust that you will all return to your various States, notwithstanding your strenuous labours at Delhi, refreshed and re-invigorated by the atmosphere of our capital city and determined, as I am sure you all will be determined, to work in the future as you have always done in the past, for the good of your States, for the welfare of India and for the unity of the British Empire.

The Chamber will now adjourn, but I would ask Your Highnesses, before you do adjourn, if you will listen for a few moments to His Highness of Kapurthala. He has something to say to you.

His Highness the Maharaja of Kapurthala: Your Excellency, Your Highnesses; I am grateful to His Excellency for kindly allowing me to address Your Highnesses on the subject of the proposed statue of His Imperial Majesty the King-Emperor, which is to be erected in New Delhi. Your Highnesses will, perhaps, remember that in March 1930 I broached the idea of a statue of His Majesty to commemorate his recovery from serious illness and to symbolise in a tangible form our attachment and loyalty to the person and throne of the King-Emperor. It was suggested that the statue should be located in the Imperial Capital of New Delhi, the inception and completion of which will always be associated with His Imperial Majesty's august reign. The response to my appeal on the part of a great number of Ruling Princes and Chiefs was characteristically most generous and Your Hignesses will be glad to know that approximately a lakh and ten thousand rupees has been collected up to date. The original estimate of Sir Edwin Lutyens upon which the first appeal for funds was based amounted to eight thousand pounds. Sir Edwin Lutyens has designed a statue of marble and sandstone depicting His Majesty seated on an elephant in a howdah with an overhanging canopy. The revised estimate framed by the P. W. D., Delhi., for work to be done in India *plus* the cost of the actual statue now amounts to roughly two lakhs of rupees. As I felt that it would be very difficult to collect two lakhs I have suggested to Sir Edwin Lutyens that the proposed canopy should be dispensed with. In fact I believe Your Highnesses will agree that His Majesty's figure would show better without the canopy and its elimination would really be an improvement rather than an impairment of the scheme. Without the canopy the whole cost of the scheme is likely to range in the vicinity of one lakh seventy thousand rupees. As I have stated above the funds in hand amount to one lakh ten thousand rupees and it now remains to collect Rs. 60,000 more. As I have remarked above, most of the Princes and Chiefs have already responded most generously to my appeal but I am still expecting replies from several who, I hope, will also respond in a liberal spirit. Last summer in the course of an audience that I had the honour of having I submitted the scheme to His Majesty. His Majesty was graciously pleased to accord his approval. The scheme has reached a definite stage. As soon as the extra funds that are required are forthcoming the work to be done in India will be taken in hand by the P. W. D. I assure Your Highnesses that every endeavour will be made to produce a statue which will be a befitting tribute of loyalty and affection which the Princes and Chiefs of India entertain towards the person and Throne of His Majesty the King-Emperor. It is hoped that the statue will be inaugurated in the cold weather of 1933-34.

Before I sit down I beg to thank Your Excellency and Your Highnesses for the patience and courtesy with which you have listened to this account of the progress of the scheme of His Majesty's statue.

His Excellency the Viceroy: I need only say that I am sure we all appreciate the energy and zeal with which His Highness of Kapurthala has gone forward with this undertaking and express the hope that before long we shall find a very fine statue erected on an approved site which will be a worthy memorial to our beloved King-Emperor.

This concluded the proceedings of the day.

RESOLUTIONS PASSED BY THE CHAMBER OF PRINCES (NARENDRA MANDAL) DURING THE SESSION HELD ON THE 28TH MARCH 1932 AND FOLLOWING DAYS.

Agendum No. 1.

Resolution of welcome by His Highness the Nawab of Bhopal to His Excellency Lord Willingdon as Viceroy of India.

Resolved.—The Chamber of Princes offers a hearty welcome to His Excellency Lord Willingdon on his assumption of the office of Viceroy and Governor-General of India, and tenders its sincerest good wishes to His Excellency.

Agendum No. 2.

Resolution of condolence by His Highness the Nawab of Bhopal on the deaths of Their late Highnesses the Maharajas of Cochin, Benares and Idar, His late Highness the ex-*Raja of Cochin and the* ex-*Raja of Bilaspur.*

Resolved.—The Chamber of Princes records its heartfelt sorrow at the lamentable demise of Their Highnesses the Maharajas of Cochin, Idar and Benares, His late Highness the *ex*-Raja of Cochin and the *ex*-Raja Saheb of Bilaspur, together with the sense of the loss thereby sustained by the entire Order of Princes, and offers its sincerest sympathies and condolences to the bereaved families.

Agendum No. 3.

Resolution of welcome by His Highness the Nawab of Bhopal to Their Highnesses of Travancore, Cochin, Bhavnagar, Idar and Benares, the Nawab Saheb of Loharu and the Thakore Saheb of Rajkot.

Resolved.—The Chamber of Princes offers its heartiest congratulations to Their Highnesses the Maharajas of Travancore, Bhavnagar, Benares, Cochin and Idar, and the Nawab Saheb of Loharu and the Thakore Saheb of Rajkot on their assumption of powers and welcomes them all in its midst wishing them a long and prosperous reign.

Agendum No. 4.

To receive a statement from His Highness the Nawab of Bhopal reviewing the work performed by the Chamber of Princes during the past year.

Resolved.—That this Chamber records its appreciation of the work done by the Standing Committee and its gratitude for the services rendered by Their Highnesses who belonged to it.

Agendum No. 5.

To receive from His Highness the Nawab of Bhopal the report circulated by Khan Bahadur Dewan Abdul Hamid, regarding his work as a representative of India at the last meeting of the League of Nations.

Resolved.—That the Chamber of Princes expresses its appreciation of the creditable manner in which Dewan Abdul Hamid acquitted himself at the League of Nations: and that the thanks of the Chamber and an expression of its appreciation should be conveyed to him.

Agendum No. 6.

Resolution of thanks to His Excellency the Viceroy for having taken up with His Highness the Chancellor and the representatives of the Chamber the questions of Paramountcy and Ceremonials.

Resolved.—The Chamber of Princes places on record its sincere thanks to His Excellency the Viceroy for having taken up with His Highness the Chancellor and the representatives of the Chamber the questions of Paramountcy and Ceremonials, the early settlement of which is of vital importance to the States, and expresses the earnest hope that they will be disposed of satisfactorily at the earliest possible moment.

Agendum No. 7.

Resolution by His Highness the Maharaja of Patiala that the membership of the Standing Committee may be increased to 9, the quorum being five, and that the election and other provisions relating to Substitute Members may be deleted.

Resolved.—This Chamber recommends to His Excellency the Viceroy that Part II of the First Regulations be amended in such a manner as to:—

(*a*) raise the number of the members of the Standing Committee to nine permanently, including the Chancellor and the Pro-Chancellor, quorum still remaining five: and to eleven until the important work in connection with the Round Table Conference lasts; and

(*b*) delete the provisions relating to election, etc., of the Substitute Members:

and that His Excellency the Viceroy be pleased to approve of and give effect to this change before the elections are held during this Chamber session.

Agendum No. 8.

Elections.

Resolved.—That according to the largest number of votes His Highness the Maharaja of Nawanagar be elected as Chancellor.

Resolved.—That according to the largest number of votes His Highness the Maharao of Cutch be elected as Pro-Chancellor.

Resolved.—That the following Princes be elected as members of the Standing Committee:—

His Highness the Maharaj Rana of Dholpur.
His Highness the Maharaja of Bikaner.
His Highness the Maharaja of Panna.
His Highness the Nawab of Bhopal.
His Highness the Maharaja of Patiala.
His Highness the Chief of Sangli.
His Highness the Maharaja of Alwar.
His Highness the Maharaj Rana of Jhalawar.
His Highness the Maharawal of Dungarpur.

Agendum No. 10.

Resolution regarding the work of the Indian States Delegation to the Round Table Conference.

Resolved:—

1. This Chamber declares that the States will join an all-India Federation on the assumption that the Crown will accept responsibility for securing to them the following guarantees:—

   (*a*) that the necessary safeguards will be embodied in the Constitution;

   (*b*) that under the Constitution, their rights, arising from treaties or Sanads or Engagements remain inviolate and inviolable;

   (*c*) that the sovereignty and internal independence of the States remain intact and are preserved and fully respected and that the obligations of the Crown to the States remain unaltered.

2. To secure this end, this Chamber authorises its representatives further to carry on negotiations in accordance with the mandate given to them at the informal meetings of the Princes; and retains the right to examine the whole Constitution in its completed form and the draft Bill before the final ratification by the Chamber and by each individual State.

Agendum No. 11.

Acquisition of non-residential property in British India by Ruling Princes and Chiefs.

Resolved.—That the recommendations of the Standing Committee be generally accepted by the Chamber.

Agendum No. 12.

Resolution of thanks by His Highness the Maharaja of Alwar to His Highness the Chancellor.

Resolved:—

That the Narendra Mandal places on record its deep sense of gratefulness for, and appreciation of, the work performed by our recent Chancellor His Highness the Nawab of Bhopal. During his term of office His Highness devoted considerable labour and attention to the interests of the Princes on questions of supreme importance such as federation, paramountcy and ceremonials, with very beneficial results

Agendum No. 13.

Resolution by His Highness the Maharaja of Panna regarding the appreciation of the services rendered to the States by the Indian States Delegation to the Round Table Conference.

Resolved.—That this Chamber places on record its sincere appreciation of the service to the cause of the States rendered by the Indian States Delegation, in advocating their just claims at the Round Table Conference; more especially, this Chamber desires to record its gratitude for the scrupulous manner in which its representatives adhered to the mandate given by the Resolutions of this Chamber.

GIPD—L268 F&PD—21-11-32—700.

No. N.S.E. S.I.

PROCEEDINGS
of the Sugar Conference held at Simla on the 10th, 11th and 12th July 1933.

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List of persons attending the Conference.

Chairman: The Honourable Khan Bahadur Mian Sir Fazl-i-Husain, K.C.S.I., K.C.I.E., Kt., Member of the Executive Council of the Governor-General in charge of the Department of Education, Health and Lands.

MADRAS.

The Honourable Mr. P. T. Rajan, Minister for Public Works (In charge of Agriculture), Madras.

The Honourable Diwan Bahadur S. Kumaraswami Reddiyar, Minister for Education and Excise (In charge of Industries), Madras.

Mr. S. V. Ramamurty, M.A., I.C.S., Director of Agriculture, Madras.

Mr. V. Ramakrishna, M.A., I.C.S., Director of Industries, Madras.

M. R. Ry. Rao Bahadur C. V. S. Narasimha Raju Garu. (Representing cane growers' interests.)

Mr. W. O. Wright. (Representing sugar manufacturers' interests.)

BOMBAY.

The Honourable Diwan Bahadur S. T. Kambli, Minister for Education, Bombay.

Mr. P. B. Advani, Director of Industries, Bombay.

Mr. V. V. Gadgil, Deputy Director of Agriculture, South Central Division, Poona.

BENGAL.

The Honourable Nawab K. G. M. Faroqui, Khan Bahadur, Minister in charge of Agriculture and Industries Department, Bengal.

Dr. G. P. Hector, I.A.S., Director of Agriculture, Bengal.

UNITED PROVINCES.

The Honourable Mr. J. P. Srivastava, M.Sc., A.M.S.T., Minister for Education, United Provinces.

Mr. S. P. Shah, I.C.S., Director of Industries, United Provinces.

Mr. R. G. Allan, M.A., I.A.S, Director of Agriculture, United Provinces.

Mr. J. M. Lownie, President, Upper India Chamber of Commerce, Cawnpore. (Representing sugar manufacturers' interests.)

Lala Padampat Sahib. (Representing sugar manufacturers' interests.)

Mr. Ajodhya Das, Bar-at-Law, M.L.A. (Representing cane growers' interests.)

Lala Har Sahai Gupta, Sahib, B.A. (Representing cane growers' interests.)

PUNJAB.

The Honourable Sardar Sir Jogendra Singh, Kt., Minister for Agricultute, Punjab.

The Honourable Dr. Gokal Chand Narang, Minister for Local Self-Government (In charge of the Industries Department), Punjab.

Mr. H. R. Stewart, I.A.S., Director of Agriculture, Punjab.

Rai Bahadur Lala Ram Lal, M.B.E., Director of Industries, Punjab.

Sardar Bishan Singh, M.L.C. (Representing cane growers' interests.)

BIHAR AND ORISSA.

The Honourable Khan Bahadur Saiyid Muhammad Hussain, Minister in charge of the Education and Development Departments, Bihar and Orissa.

Mr. H. C. Prior, I.C.S., Revenue Secretary, Government of Bihar and Orissa.

Mr. S. Lall, I.C.S., Director of Industries, Bihar and Orissa.

Mr. D. R. Sethi, I.A.S., Director of Agriculture, Bihar and Orissa.

Colonel C. G. Lees. (Representing cane growers' interests.)

Mr. H. C. Finzel. (Representing sugar manufacturers' interests.)

Mr. D. P. Khaitan. (Representing sugar manufacturers' interests.)

HYDERABAD STATE.

Nawab Rais Jung Bahadur, Secretary, Department of Commerce and Industries, Hyderabad.

Syed Nizamuddin Hyder, Director of Agriculture, Hyderabad.

Mr. Ghulam Ali Mohammadi, Director of Industries and Commerce, Hyderabad.

MYSORE STATE.

Mr. S. P. Rajagopalachari, B.A., B.L., Member of Council in charge of Industries and Agriculture, Mysore.

Dr. Leslie C. Coleman, M.A., Ph.D., C.I.E., Director of Agriculture, Mysore.

Mr. A. V. Ramanathan, B.A., Director of Industries and Commerce, Mysore.

GOVERNMENT OF INDIA.

The Honourable Sir Joseph Bhore, K.C.S.I., K.C.I.E., C.B.E., I.C.S., Member of the Executive Council of the Governor-General in charge of Railway and Commerce Departments.

The Honourable Sir Frank Noyce, Kt., C.S.I., C.B.E., I.C.S., Member of the Executive Council of the Governor-General in charge of the Department of Industries and Labour.

The Honourable Mr. A. H. Lloyd, C.I.E., I.C.S., Offg. Member of the Executive Council of the Governor-General in charge of the Finance Department.

The Honourable Mr. T. A. Stewart, I.C.S., Offg. Secretary to the Government of India, Department of Commerce.

Mr. Ram Chandra, C.I.E., M.B.E., I.C.S., Joint Secretary to the Government of India, Department of Education, Health and Lands.

Mr. B. C. Burt, C.I.E., M.B.E., I.A.S., Offg. Vice-Chairman, Imperial Council of Agricultural Research.

Mr. R. C. Srivastava, B.Sc., Sugar Technologist to the Imperial Council of Agricultural Research.

Mr. S. R. Zaman, I.C.S., Offg. Additional Deputy Secretary to the Government of India, Department of Education, Health and Lands (Secretary to the Conference).

AGENDA.

1. To consider whether having regard to the present demand for sugar in India and its possible expansion in the future, the present rate of development of the sugar industry is satisfactory, excessive or inadequate.

2. To consider whether, either the sugarcane growers or the sugar manufacturers are unduly benefited at the expense of the consumer and whether the benefits of the protection granted to the industry are being fairly distributed between different interests.

3. To consider whether in the interests of the sound development of sugarcane cultivation and of the sugar manufacturing industry it is desirable and practicable to regulate the relations between sugarcane growers and sugar manufacturers whether by zoning, licensing of factories, fixation of cane prices or other means.

4. To consider whether legislation is necessary for the better regulation of the Indian sugar industry and, if so, to what extent such legislation should be central and to what extent provincial.

PROCEEDINGS.

First Day.

The Sugar Conference met at 10-30 A.M. on Monday, the 10th July, 1933, in the Committee Room of the Legislative Assembly Chamber, the Hon'ble Khan Bahadur Mian Sir Fazl-i-Husain, K.C.S.I., K.C.I.E., Kt., Member for Education, Health and Lands, in the Chair.

Chairman: Honourable Ministers and Gentlemen, my Colleagues and I welcome you to Simla and to this Conference. Some of you have come from distant places—Madras, Mysore, Hyderabad, Bombay and Bengal—after a tedious, tiring journey, extending over several days, and all of you have had to give up your work in your Provinces and States. When considering whether this Conference be held or not, I had to place in the balance, on the one side, your inconvenience, your giving up work and cost to the State, and, on the other, the great importance of the subject—the present position of the sugar industry.

Agriculture and industries are both provincial and transferred subjects, and the Hon'ble Ministers in provinces are responsible for their administration. The general economic condition in many parts of India has been and is far from satisfactory. One cannot help paying a tribute of admiration to the industry, patience, perseverance, courage and faith of the cultivator (in those parts) who, under the existing adverse economic conditions, continues to pursue his work which does not bring him a suitable return; and it will not be fair to withhold appreciation from the land-owning class who, for some years now, have found their income dwindling, and in some places, reduced to a vanishing point. It is gratifying to note that local Governments of these parts have shown great wisdom and responsiveness in distributing Takavi, in remitting revenue where necessary, and in all cases, sympathetically tackling the problem. This great calamity of economic depression and financial stringency has now been stalking the country for nearly three years. It has placed a very great strain on the resources of the country, till in many places they are believed to have been exhausted; but it is a matter of no small satisfaction that local Governments, land-owners and the cultivators have co-operated, stood together, shared the losses and shown a spirit of mutual goodwill, confidence and trust—an eloquent testimony to the sympathetic understanding between the land-owners and the cultivators, and between the people and the public servants. Local Legislatures have risen superbly to the occasion, doing their duty by their people, by ventilating their troubles in the Council meetings, and yet realising that as troubles are due to causes beyond the control of their Governments and that their Governments are giving such relief as they can, though it be only to a limited extent, have shown a high sense of responsibility at such a critical juncture.

When the general agricultural outlook is so gloomy, so dismal, so depressing, the sugarcane crop is like a ray of sunshine, and it was indeed very fortunate that two years ago the development of sugar industry was taken in hand. Fiscal protection was granted to the sugar industry, largely because of the importance of the sugarcane crop to the general agriculture of the country. It has been

given a high degree of protection for a comparatively lengthy period, and it is of the utmost importance that an efficient industry be built up; and I understand the condition precedent is that the essential identity of interests of cane growers and factory owners be recognised. The cane-sugar industry is unique amongst the larger industries of the world in its dependence on regular supplies of *freshly* harvested raw material. The high standard of technical efficiency reached by such countries as Java and Cuba has only been achieved by a very high degree of co-ordination between cane production and sugar manufacture.

Our chief factory-sugar producing provinces are the United Provinces and Bihar and Orissa, but others are also making an effort to set up factories. The Imperial Council of Agricultural Research is doing all it can to help the provinces. Research is being conducted, facts and figures collected, classified and made available. A Sugar Committee has been set up and is functioning most zealously and industriously. The present is the most momentous occasion in the development of sugar industry. Each province knows what it is doing, what it is aiming at, but it is also necessary for each one to know what *others* are doing. This vital necessity of co-ordination of effort demands the holding of such conferences to take stock of the work done, to examine the proposals for the future, to tackle the problems which have already arisen.

These were the considerations which impelled me to ask the local Governments whether the holding of a conference commended itself to them, and the response was so strong and so unequivocal that it resulted in our meeting here to-day.

I will not, at this stage, attempt to review the work already done, or to formulate the programme for the future. You have a heavy agenda before you, and I will not linger any longer on welcoming you, except to assure you that we very much appreciate your coming here and wish to make your stay here as pleasant as the weather and the strenuous work before you will permit.

How shall we proceed to business? We have been supplied with some literature, most of it by our Sugar Technologist, who, if I may say so, has shown considerable zeal in entering into the spirit of the great enterprise—setting up an efficient sugar industry capable of facing world competition. Probably, the best course to adopt is to take up the items of business on our agenda one by one. With your permission, then, I will take up Item 1, which deals with, firstly, the present demand for sugar in India and its possible expansion, and, secondly, the present production of sugar in India and its probable expansion. Two notes on this subject have been prepared by the Sugar Technologist. The first describes the development of the Indian sugar industry, using that term in its broadest sense, during the last ten years. The second deals more particularly with sugar proper as distinct from *Gur* and other sugarcane products. In it an attempt has been made to forecast the position of production relative to consumption as it will be in the manufacturing season, 1934-35. In the first note, the best statistics available have been utilised. Unfortunately, it has been necessary to make estimates of production of sugar by the Khandsari process as no statistics exist for that branch of the industry. Table I is of special importance, for it shows how both the cane area and cane production have expanded recently. Indeed, the success achieved in introducing improved

varieties of cane is most gratifying. Table IX indicates that notwithstanding the increased manufacture of sugar, the net production of *Gur* has also rapidly increased. In the second note, the estimates of future production have been based on the latest information obtainable, but it may be emphasised that these are only estimates, though as carefully made as possible. There are no Indian statistics for consumption, and hence it has been necessary to calculate the apparent consumption indirectly from the figures for production and nett imports. An attempt has been made to forecast the position in 1934-35, and it is anticipated that then India will be producing about as much sugar as she consumes at present. From the supplementary note, it will be seen that 124 factories are expected to be at work in 1933-34. It is for the consideration of the Conference whether the present position is as stated, and if so, how that fact should guide our future policy.

I shall be grateful if the Conference now proceeds to discuss this item with a view to arriving at a suitable answer to the question put in this item.

Perhaps the Conference would like to hear some representative of the United Provinces.

Mr. J. M. Lownie : I do not think that we can say that the rate of development is inadequate. In the last few years the number of sugar factories has increased and it is going to increase from something like 30 to 116 within the short period of two years. I do not think it is inadequate. The question therefore is whether it is satisfactory or excessive. It is excessive in that the location of so many new factories is, if I may so call it, parochial or provincial, especially in the case of the United Provinces and Bihar and Orissa. Mr. Srivastava's figures for 1933-34 show that in the United Provinces the area under cane is 1,800,000 acres and the number of factories is estimated at 64. In Bihar the estimated acreage under cane is something like 3,00,000 acres and the factories are 34 in number mostly in North Bihar. The expansion in these two Provinces is excessive. Taking India as a whole there are large areas in Madras and Bombay and perhaps Punjab where the area under cane is increasing and the number of factories is very small. These provinces naturally wish to develop their cane production and wish to have a market for that production and to establish more factories. If they expand at the same rate we shall have serious over-production. According to Mr. Srivastava the number of factories running and projected will, in less than two years' time, produce a quantity more than sufficient to meet India's consumption. I therefore think that as between satisfactory and excessive it tends to be excessive.

Mr. D. P. Khaitan : As you have already explained the first question that we are now discussing relates to the present demand for sugar in India and its possible expansion in the future and whether the present rate of development of the sugar industry is satisfactory, excessive or inadequate. We are obliged to the Sugar Technologist, Mr. Srivastava, for having given us very carefully connected and comprehensive figures. I will not go into them now because I take it you have all read them carefully. In order to arrive at a decision as to whether the rate of development of the sugar industry is satisfactory, excessive or inadequate, we can look at the problem from two points of view. One is from the point of view of the whole of India and another is from

the point of view of the different provinces. If we look at the question from the point of view of the whole of India, treating India as one unit, we cannot but say that the rate of development is very satisfactory, more satisfactory than the Tariff Board had ever contemplated and I am sure, Sir, more satisfactory than the Government of India had ever expected it or wished it to be having regard to its revenue part of the problem, but the object of protection is that as soon as possible the country should become self-sufficient as regards supply to meet the whole of the demand. As Mr. Srivastava has already shown us, he expects that by the year 1934-35, that is within four years of the grant of protection, the supply of sugar will be more than adequate to meet the demand. I might go further and say that he has been rather cautious in his estimate of the production. My own belief is that by the end of the season 1933-34 the production will meet the whole of the demand in this country. If my belief is wrong, then at least by the end of 1934-35, according to Mr. Srivastava, the sugar produced will more than meet the demand. Therefore I hope we shall all view with the greatest pleasure from the point of view of India as a whole as regards the rate of development of the sugar industry. Then as regards the question whether the rate of development has been excessive, from the figures that have been given by Mr. Srivastava from the point of view of India as a whole, the rate of development has not so far been excessive because at the present moment the supply has not exceeded the demand and according to Mr. Srivastava the estimate will not exceed the demand in the season 1934-35, so that from the point of view of the whole country we cannot yet say that the rate of development has been excessive. But in this connection I would draw your attention to another point of view, namely the point of view of the different provinces. Now, I represent the sugar manufacturers of Bihar but I cannot isolate myself from the feeling that I have as much interest, it may not be personal, but as an Indian I have as much interest in the development of every other province. It is my firm conviction that in order that India may prosper it is desirable that each province should, so far as possible, prosper along parallel lines. Bengal is a province with which I am intimately connected and I know that sugarcane cultivation there has immensely increased during the last two years, much to the benefit of the agriculturists of that province. Bengal is a province in which the sugar industry will go and I submit should be allowed to go. Already I know that four big factories are going up. They are not all mentioned in the list of Mr. Srivastava. Those of you who have read the opinion expressed by the Bengal National Chamber of Commerce will know their interest in this matter and their eagerness that even if the province cannot erect big factories they should be in a position to erect smaller factories, say of 100 tons or 150 tons, so that the people of the province may benefit by the protection that has been given. I am giving this example in order to impress upon this Conference the necessity of looking into the needs and ambitions of other provinces also. Similarly, although I am not so intimately connected with the Madras Presidency I have reasons to believe that people there are anxious to develop sugar factories. Bombay surely cannot be ignored having regard to the fact that the cotton industry has developed there so much and the people there have got an industrial mentality.

Then, Sir, last but not least, I cannot ignore your own province, namely, the Punjab, where also the people have got industrious habits and would like to

develop this industry. Now, Sir, I have mentioned all these facts at some length because I believe that while the development of the industry has been excessive in Bihar and the United Provinces, it has not been excessive or even adequate in the other provinces and we should seriously consider whether something should not be done so that the excessive nature of the development in the two provinces, namely, Bihar and the United Provinces, may not clash with the development of the industry in the other provinces.

As regards the adequacy or inadequacy of the development of the sugar industry, I have already submitted that from one point of view it can be considered to be adequate and from another point of view it cannot be considered to be adequate. The point of view from which it can be considered adequate is that the rate of development has been very quick and we are on the threshold of the vision when the present demand for sugar will be met by internal resources. From that point of view it can be said to be adequate, but it is quite likely that the taste of the people may change and those who are consuming *Gur* at the present moment may take to white sugar and therefore the consumption of white sugar would increase in the future. I am one of those who believe that the consumption of white sugar will increase in the future and from that point of view I think that there is still room in India for the further development of the Indian Sugar industry.

Mr. S. P. Rajagopalachari : Sir, I should like to present the point of view of Mysore which is greatly interested in the manufacture of sugar. I think that point of view would also be slightly different from the inferences to be drawn from the information we have been supplied with by the Sugar Technologist. My first answer to the questions arising out of item I would be that sugar development is adequate enough in order to meet the existing demands but that it is not adequate enough to meet the needs even of the immediate future, much less of a fairly long period, say during the period during which the Sugar Protection Act will be in force. I will illustrate my remarks with the state of things in Mysore. We have got 36,000 acres of sugarcane cultivation now, and in the Irwin Canal area we have at present 10,000 acres fit for sugarcane. It has a perennial supply of water ; the climate is good ; the soil has been declared by the Agriculture Department to be quite suitable for sugarcane and what is more important the Mysore Government are keen on introducing sugarcane, as this is the best way of making the most economical use of the large storage of water which we have got now in the reservoir. As Honourble Members know, paddy requires lot of water, much more water than sugarcane does. Therefore, we want to divert the water for sugarcane instead of having larger area under paddy cultivation. So, we have got 10,000 acres which can be cultivated immediately. During the next few years we will have about 30 to 40 thousand acres and we want to utilise that large area as far as possible for sugarcane cultivation. After having encouraged the development of sugarcane cultivation in order to make an economic use of our storage, it is quite desirable that sugarcane cultivators should be shown the way to sell their cane in the most profitable manner possible. That cannot be done merely by encouraging them in the manufacture of what we call in the

south Jaggory. In selling that cane to the factories we must use the most modern appliances for extracting sugar from the sugarcane. Now, even this area of 10,000 acres that we have got at present would require, at the rate of about 3,000 acres for an average factory, three factories more and for the 30,000 acres which we expect to have in the immediate future, at the rate of about 3,000 acres, we would require 10 factories to deal with the sugarcane in that particular area alone. We have now started one factory and that will be for about 3,000 acres. We are therefore immediately faced with the problem of starting more factories in order to find a ready sale for the sugarcane that would be cultivated in that area. I am speaking not so much from the point of view of the consumption of sugar as from the point of view of the land which is available immediately and which is very suitable for the cultivation of sugarcane. It follows from the existence of such a large area that we should have more sugar factories. Naturally, the problem will then arise as to how the sugar is to be sold. I would suggest two methods in this behalf. In the figures that we have been supplied with, the consumption of sugar has been taken as a sum-total of imports as well as the output of factories for the refined sugar and also from the refineries. No allowance has been made for the probable increase of consumption if the economic depression which we are passing through is lifted. When people have got more resources it is just possible that the *per capita* consumption is likely to rise. The next point has already been adverted to by the previous speaker, namely, the possible replacement of the consumption of *Gur* by the consumption of refined sugar. That may or may not be possible, but that factor has also got to be taken into account. So, our idea is that while the present sugar factories are fairly adequate to meet the present needs, they cannot be said to be enough if we take even a fairly short-long view of the situation. They are not enough even for the period during which protection will be in force.

The Honourable Khan Bahadur Saiyid Muhammad Hussain : Sir, As I have only recently taken over charge of my office, Mr. Prior, the Revenue Secretary sitting to my left, who was dealing with the subject from before has come here to represent the views of the local Government. Hence, he will speak on this subject.

Mr. H. C. Prior : Sir, my Government consider that it is unlikely that factory white sugar will be able to capture to any great extent the *Gur* market and to substitute white sugar for *Gur*. Therefore, they think that the figures supplied by the Sugar Technologist give reason to suppose that the white sugar consumption in India will shortly exceed production. They consider that these figures should be very widely published. They consider that up to the present moment the development of the sugar industry has not been excessive but as the rate of development increases, there is reason to suppose that in the near future it may become excessive. Since I have come here, two members, one from the United Provinces and the other from Bihar and Orissa, have both stated that they consider that the development of sugar factories in Bihar and Orissa has been excessive. That, Sir, is a view which my Government, I think, would not support. The white sugar factories that exist in the north of Bihar

have been able last year to crush almost all the cane that was produced in North Bihar. Next year we anticipate that the cane produced will be just sufficient to meet the requirements of the white sugar factories. The north Bihar ryot has got used to growing cane. He has got used to selling his cane to white sugar factories and if he cannot find white sugar factories for his cane, he will be in a very bad way because he has lost the habit of turning his cane into *Gur*. In South Bihar the rate of progress has also not been excessive. Factories are beginning to go up but the supply of cane is very large and a large amount of cane is being turned into *Gur* and is being exported to *Gur* refineries in other provinces. If the demands for *Gur* from *Gur* refineries drop, the position of the ryot in South Bihar will be bad and the cultivation of cane must go down. If white sugar production is to be increased, it can be done only in three ways. One is by an increase in the export but though the Tariff Board mentioned this possibility on page 37 of their report it does not seem likely now that the Indian white sugar will ever be able to compete with Java sugar. The other two methods have been already mentioned by the last speaker, one of them being the increase in the *per capita* consumption of sugar. That does not seem likely in the present economic condition of the country. As regards the third point, namely the capture of the *Gur* market, my Government do not think that this is likely but it seems that if any portion of the *Gur* market is captured by white sugar, it must follow that the area under cane in India will go down. At present about 10 maunds of *Gur* is produced from a hundred maunds of cane, but that 10 maunds of *Gur* only contains about 60 per cent. of the sugar contained in 10 maunds of white sugar. If therefore white sugar is substituted for *Gur*, the area of cane grown must go down, and there might be a risk of this occurring if white sugar factories increase to such an extent that they are forced to try to capture the khandsari and *Gur* market.

Syed Nizamuddin Hyder : Sir, I consider that the speed of development of sugar manufacture so far has been satisfactory, and I congratulate the Government of the United Provinces and Bihar and Orissa to have taken the lead. But, according to Mr. Srivastava's figures, we find that it will not be long before the United Provinces and Bihar and Orissa with their present speed of development will produce all the sugar that is required in India. That will leave the other provinces with no market in India. My own State is greatly interested in sugarcane cultivation and sugar manufacture. The Government have spent crores of rupees on irrigation projects, the financial success of which depends mainly on sugarcane. Under one project, the Nizamsagar, we are introducing the Coimbatore varieties of cane, and that project alone is going to give us about 20 thousand acres of cane. We are shortly going to establish a sugar factory in this area, and we are already consulting Mr. Srivastava about this scheme. Then, there is another big project under contemplation, the Tungabhadra project, which is expected to give us about 30 thousand acres of cane. Then, there are other smaller projects, which will also contribute a considerable area. Similar is the case in the southern provinces of Bombay and Madras and the Mysore State and in the northern provinces of Bengal and the Punjab. I, therefore, suggest that the factories which have already been established in the United Provinces and Bihar and Orissa may continue to

operate and those which have been ordered may come into existence, but while congratulating these two provinces, I would request them to let us have a chance.

The Honourable Khan Bahadur Saiyid Muhammad Hussain : I beg to move :.

Whereas the recent development of the sugar industry in India has been rapid, although it cannot be said to have been excessive, and whereas owing to the general fall in the price of agricultural produce, there has been a natural tendency towards an increase in the area under sugarcane, the Conference is of opinion, firstly, that when the modern factories now under construction are working at full speed, it is likely that these and the existing factories will produce sufficient white sugar to meet the existing white sugar consumption of India, secondly that in view of the consideration that whilst the potential supply of raw material is very large, the demand for sugar in India is limited, further extension should be carefully watched in the interest of the establishment of a sound industry, thirdly that if the production of sugar expands beyond the actual requirements, it would be extremely difficult and indeed almost impossible for any reasonable level of prices for *Gur* to be maintained.

I commend this resolution for the acceptance of the House.

The Honourable Mr. J. P. Srivastava : We in the United Provinces are not so pessimistic. We have actually found that white sugar is taking the place of khandsari sugar and even of *Gur*. In Rohilkand, a lot of khandsaris have gone out and people are using white sugar. We also know that at the present price of sugar it does not pay the khandsaris to work and as long as this low level is maintained, there will be greater and greater opening for white sugar. Although therefore we should proceed with caution in the matter of the establishment of new factories, I will not quite say that the limit has been reached for all times. The resolution as it stands has our support because it is based on to-day's consumption of white sugar on which basis the limit would be reached next year. We wish to make it clear that there may be greater consumption in future years in which case the establishment of further factories would be justified.

The Honourable Dr. Gokal Chand Narang : I have listened with great interest to the speeches made by the representatives of the various provinces and I am glad they have taken so much interest in this practically nascent industry in India. The question before us is whether the development has been excessive and adequate or satisfactory. I think the development has been satisfactory. There is no inadequacy so far as the present demand is concerned but I am not prepared to agree that the development has been excessive. The consumption of white sugar in India is very low at present because the country is poor and if circumstances improve, the consumption would increase. In some other countries the consumption per head is about 100 lbs., while in India it is about 20 lbs. and we are probably, leaving China, the poorest sugar eaters in the world. Therefore, there is every hope that if white sugar becomes cheaper as it must with the multiplication of factories the consumption of white sugar will increase and there I draw the line. I studied

the question with great care and the conclusion I have arrived at is that so far as the number of factories is concerned the limit has been reached. Any further extension in the number of sugar factories will be deterimental to the interests of both the grower and the miller, the cultivator and the capitalist. This does not, however, mean that all possible development has taken place and it will grieve many patriotic representatives here to know that the methods we have been following upto this time have been very uneconomic. I can give you two instances. In Java which presents a very remarkable instance of development of sugar industry, every acre produces on the average 50 tons of cane while we produce about 13 tons. That is according to the figure supplied by the official Technologist. If that is so, it means that so far, our methods of cultivation are only 25 per cent. of Java methods so far as efficiency is concerned and it will be to the obvious advantage of the cultivator if Government turns its attention to the improvement of agriculture in the country by giving them all the help. If the cultivator can raise the yield from 13 tons to 30 tons it will more than double the output without covering an inch of more land by sugarcane than at present. Then the second line is efficiency of our mills. From the figures supplied to us the efficiency as judged from the extraction percentage in Java is 12 per cent. while here it is nine. There are many factories in India which produce even less than nine. We therefore lose 3 per cent. in extraction and 37 tons per acre in the yield of the crop. These are the lines on which future development should take place. Whereas from every acre of sugarcane in Java they get 6 tons of sugar, we in India get only 1·17 taking the official figures of 13 tons per acre and yield of 9 per cent. of sugar extraction. The loss is too painful to contemplate. I would therefore submit that future development should take place on lines other than the multiplication of factories. I may also indicate some of the ways in which Government should assist the cultivator and the miller. Primitive methods must be abandoned, Government should provide for more irrigational works. If no canals are possible, Government should advance money through some organization to the cultivator for sinking tube wells. Even in the eastern part of the United Provinces where rainfall is heavy there are seasons of drought and a great deal of sugarcane withers and dries up particularly if there are no rains soon after the sowing. In such cases tube wells are necessary. I can assure the Government that millowners would be glad to co-operate with Government. We have sunk several wells not only in factories but in fields to help sugar cane growers in seasons of drought. I have no doubt that those who are interested in the manufacture of sugar by modern methods would be prepared to help the cultivators in this respect. But they alone cannot do the whole thing. They can only supplement Government's efforts in this direction. Then there is another thing. Some of the poor tenants who are not properly assisted by their landlords and have no factories in their immediate neighbourhood cannot even procure good seed which is a great necessity. Wherever mills have been set up not only has the quantity of sugarcane increased but the quantity of improved cane has immensely increased. From a note which was circulated to us yesterday, it would appear from table 1 on page 3 of the later note that whereas in 1929-30 for instance, taking factory no. 1, the quantity of cane which was supplied was 5 lakhs or so, it rose to 12 lakhs in two years. And the same was the case with

the factories which are given in that list. Then, gentlemen who are familiar with the methods of cultivation in the United Provinces, particularly in the eastern portion of the United Provinces, would know that the cultivator beyond ploughing his field and putting in the seedlings really does nothing to improve the crop. There is not even weeding done by them and there is almost no manure used. This is another way in which Government and the millowners can assist them. I need not go through all the methods by which cultivation can be developed. The Council of Agricultural Research is the best authority on the subject and I am sure they have thought out plans by which cultivation can be improved.

Then so far as the efficiency of mills is concerned we have a sort of complaint that the arrangements made by Government for supplying technical assistance to the mills are really very inadequate. Particularly, when the number of mills has multiplied there has been a great scarcity of experts. There is a great dearth of competent mechanical engineers and a great dearth of competent chemists; and so far as I am aware, Government have not been able to render any assistance to the millowners in supplying them with either mechanical assistance or with chemical assistance. The efficiency of a mill depends upon the combination of good engineers with good chemists, and if Government come forward with assistance in this direction there is no reason why the efficiency of mills should not improve. And I have no doubt that if you can raise the percentage of extraction from 9 to 12 and the yield of sugarcane from 13 tons to anything like 50 tons or even 30, all the sugar that you require will be supplied without adding one factory to the number of the existing factories or the factories which by the end of the season will have come into existence. The number of mills will be 117 or so at the end of the season and there is really no room for another factory. It may be objected—and I anticipate that objection—that most of these mills are concentrated in the United Provinces and a part of Bihar and therefore the cane cultivators in other parts of India do not derive any benefit. But what I feel is this that the whole country should be treated as one, as representing practically one family divided into two parts of cane growers and cane millers and no inter-provincial rivalry ought to be allowed to be set up, because it will be ruinous to both, and the sugar that will be produced in India by the end of the season of 1934-35 will be quite sufficient to meet the needs of the whole country. And in order to supply it at a cheaper rate to the people in other provinces we must approach the Government of India in the Railway Department. The freights in this country are extremely excessive and probably have never been fixed with a view to assist the industries of this country. They have probably been fixed only from one point of view, namely, revenue. I need not go into this question; it has very often been discussed in various conferences and by various commissions. This is another direction in which Government assistance is required both for the grower and for the mills; and if all this assistance is forthcoming, I am strongly of the opinion that not a single more factory is required.

The Honourable Mr. P. T. Rajan: I am afraid Madras cannot accept the Resolution moved by the Hon'ble Minister from Bihar. Madras consumes sugar to the extent of 100,000 tons a year and in 1932-33 the import of sugar

by sea was 55,000 tons. And if we want sugar we have to go either to Java or Northern India, unless more factories are set up in Madras. The Tariff Board has emphasised that " the strongest aspect of the case for protection " of the sugar industry " is that based on the national importance of promoting the cultivation of sugarcane ". From that point of view there is need for an extension of sugar factories in Madras. There is only one factory at present—Messrs Parry & Co.—which is working on the manufacture of sugar from sugarcane. New factories, five in number, will be set up and the results can be seen only next year, but they can only produce sugar to the extent of 10,000 tons next year. Viewed from both these points, there isnecessity for the establishment of more factories in the Madras Presidency. I should also like to say that from the point of view of climate we are more advantageously placed than any other province in India.

When the tariff was proposed for a limited period it was hoped that within that period India would be in a position to produce her own sugar. If Madras, though tropically best suited for sugarcane cultivation, had not taken it up earlier on a large scale, it was because hitherto, paddy in Madras has been paying a good price. During the last two years the price of paddy has gone down to such an extent that it does not pay more than Rs. 20 an acre as net return. Therefore Madras is obliged to go in for more sugarcane cultivation.

I should also like to refer to that aspect of the report which dealt with the prices of sugarcane both in Northern and in Southern India. In their report the Tariff Board said that the cost of raising a maund of sugarcane in Northern India is 4 to 5 annas and 7 to 12 annas in Madras. These figures now require revision in view of the fact that the informal inquiries that were made recently show that the cost has now come down to anything from Rs. 17 to 10 a ton, which works out to about 4 to 6 annas a maund. This reduction has been brought by a fall in prices, chiefly of manures, secondly a slight fall in wages, and thirdly due to the departmental propaganda in the cultivation of sugarcane.

Chairman : I understood you to say that you could not support the Resolution moved by Bihar. Which part of the Resolution do you object to ? I think there is some misapprehension. Perhaps if you read the Resolution you will find that it is the speech that you object to and not the Resolution.

The Honourable Mr. P. T. Rajan : I thought the Resolution said that there should be no more new factories than the existing ones. At least that was the impression I got from the speeches of the previous speakers. I wish to put the case for Madras and show how important it is for the Madras Presidency to go in for more cultivation. Hitherto it has been thought that canes produced in Coimbatore have been suitable only for the Northern Provinces. But recently in one of the Government farms Co. 213 has been raised and it has been found very suitable with a yield of 35 to 40 tons and the cost of cultivation of one ton comes to only Rs. 2-8. Though this has been done only in one farm, it has been corroborated by my friend Mr. Narasimha Raju who is a great agriculturist and who has gone in for sugarcane cultivation. If India is to produce her own sugar I believe each province should have an

opportunity of producing sugar and by the time the tariff is withdrawn they should be in a position to compete with Java and other countries which are said to produce sugar cheaply.

Then I should like to refer to another point. The forecast of the Sugar Technologist is based on the belief that there will be no expansion of sugar cultivation after 1934-35. I should like to suggest three ways by which there can be expansion. Along with the consumption of about a million tons of sugar, there is in this country a consumption of about three million tons and more of jaggory. If the price of sugar is not much higher than that of jaggory, there is no reason why some of the consumption of jaggory should not be replaced by the consumption of sugar. Again, the consumption of sugar and jaggory in India is only about 27 lbs. per head which is considerably smaller than in many other countries. Therefore there is also scope for expansion of consumption of sugarcane products in India though this is not likely to be immediate. Lastly, in these days of Empire preferences, it may be possible to arrange for export of sugar to the United Kingdom. On this subject, if there is time, my Hon'ble friend Mr. Kumaraswami Reddiar, who is in charge of Industries, will say something. In view of these facts I certainly say that the development, so far as my province is concerned, is satisfactory. As to the other question whether it is excessive, my answer would be No.

The Honourable Sardar Sir Jogendra Singh : Just one word in connection with this resolution. I think the problem varies from province to province and it is quite possible that Bihar and the United Provinces may have reached a stage where they do not require further expansion, though at the present stage—I have been interested in sugar industry for the last 20 years—I am not prepared to say that the time has arrived when any restriction should be placed on the expansion of sugar industry. Take for instance the Punjab. We have now increased our sugarcane cultivation from 300,000 to 500,000 acres and we have only 2 sugar factories working. How can we accept that there should be a restriction on the establishment of any sugar factories in the Punjab ? Again, as to the question whether there has been any increase of production on the agricultural side, Mr. Srivatsava—I want to congratulate him on the material that he has supplied us—has very clearly shown that the area has increased from 3 million to 3·4 million acres, and the production of cane has increased during the same period from 39 million tons to 50 million tons. So, so far as production on the agricultural side is concerned, I think the production has been increasing. I do not want to detain the Conference any more beyond recording my protest that we at present are not in a position to restrict expansion of sugar industry in India.

Chairman : Gentlemen, we have listened to a very interesting discussion. This was the first item on the agenda and it was therefore but natural that in our enthusiasm we should have travelled beyond the exact scope or limits of this item. The item under discussion is whether in the light of the facts disclosed it can be said that the rate of development is satisfactory, adequate, or excessive. We are all agreed that on the facts disclosed it is not excessive. The discussion on the point that it is excessive in the United Provinces for United Provinces purposes, or in Bihar for Bihar purposes but not excessive so far as India's requirements are concerned, is an extraordinarily interesting one

but it is not exactly within the purview of this item on the agenda. Similarly, the question as to whether in provinces where factories have not for the time being been established, the Governments of these provinces should encourage the establishment of factories or discourage such establishment—that again is a most interesting subject and I have no doubt that each province will go its own way after taking into account the chances of competition from neighbouring provinces which have been in the field before them. Two provinces are really approaching the Commerce Member of the future, one saying that the freight should be reduced and the other urging that it should be increased—the United Provinces probably pressing for a reduction of freight and Madras, Bombay, and the Punjab pressing that it should be increased, so that their provincial factories may progress and develop. Well, these are problems for the future when autonomous provinces will have to ask somebody to arrange conferences like the present one for them where they can meet, know their respective progress and try and persuade each other against competition which may not be beneficial to all and so on. But these are, as I say, problems for the future and India must face them as Europe is facing its problems to-day.

The resolution that has been moved is, so far as I can see, a non-contentious one inasmuch as it gives expression to the view that at the stage already reached it can only be said that it is not excessive and that on the whole the progress is satisfactory. I think on that point we are all agreed. The next is that the factories that are actually established will in another year or two be able to produce for India the amount of white sugar that India is at present using. It does not touch the possibilities or otherwise of expansion of consumption of sugar either by increase or by substitution of white sugar for sugar produced by the old method. There again, as I said, the wording of the resolution is such that we are all agreed on it. The third point is not that further extensions should be stopped or be encouraged, but what is said is this, namely, that in view of the consideration that whilst the potential supply of raw material is very large the demand for sugar in India is limited, further extensions should be carefully watched. That is obvious because if the Punjab, as the Honourable Minister for Agriculture says, if Madras as the Hon'ble Public Works Minister from Madras says, if Mysore as has been said by the representatives of Mysore, and in all probability Bombay, are going to put up their own factories, surely the Honourable Ministers from Bihar and the United Provinces have to take note of the fact whether in the light of that information they should push their programme ahead or pause and consider. That is again the advantage of a conference like this. You know the intentions of your neighbour and you act in the light of the first-hand information obtainable from the most responsible people in the country on the subject. The resolution says that everybody concerned should watch further extensions carefully. Then, the last item is extraordinarily important though a non-controversial one. As sugar manufacture is progressing it is but natural that the agriculturist, whose other money-bringing crops have played him false, should turn to sugarcane. This part gives a sort of intimation to Ministers of Agriculture that if they go on extending the area under sugarcane it will become extremely difficult for their Governments to fix a price for sugarcane because the

law of supply and demand will operate. That again is a matter to which attention is being invited without any suggestion that they should control, encourage or discourage it.

One word more. The position of the Government of India in this matter is one of convenors of this conference and no more. Here are Ministers of Agriculture and Industries with whom lies the decision as to whether their respective provinces will encourage or discourage extension of factories or their being closed down as the case may be. Similar is the position of the Imperial Council of Agricultural Research. They come in only where their advice is sought or where in the course of their researches they get certain information which they feel will be beneficial to the provinces. Therefore the appeals that have been made by several speakers to give help to either agriculture or to industries are really appeals made to themselves. I was in a way surprised at the Honourable Minister of Industries in the Punjab who had the frankness to accuse himself of having failed. (An Honourable Member: He was talking of the United Provinces.) If he was referring to the United Provinces let me hope that when the factories in the Punjab increase and he decides upon establishing them they will receive better treatment at his hands than that received by factories elsewhere.

May I, Gentlemen, in the light of the explanation I have given as to this resolution, know what you think about it ?

The Honourable Sardar Sir Jogendra Singh: May I ask whether the first paragraph does not imply that the present factories should be given a monopoly ? It says, " When the modern factories now under construction are working at full speed it is likely that these and existing factories will produce sufficient white sugar to meet the existing demand for white sugar." It means that so far as the demand for white sugar is concerned it can be met from the existing factories and therefore the Government should control the expansion of the industry in the provinces and also keep an eye on the growth of cultivation of sugarcane. I am not prepared to accept this resolution as it is worded.

Chairman: May I ask the Honourable Minister whether he challenges what is contained in paragraph 1 that the existing factories have the capacity to produce the amount of sugar that is at present consumed in India ?

The Honourable Sardar Sir Jogendra Singh: Mr. Srivastava is of opinion that the production from *Bels* can not be correctly estimated and therefore it is not possible to accept the accuracy of the figures. We may for the present only keep in mind the sugar produced from modern sugar factories.

The *Bel* system is wasteful and if the present state of development continues, it should be our aim to produce the whole of the sugar we require in modern factories.

Rao Bahadur Narasimha Raju Garu: In my humble view the first part of the Resolution does not meet the real question at issue. The way in which we have to look at it is whether the sugar production in India will stand on a sound basis when once the protective tariff is withdrawn. According to Mr. Srivastava's notes, once the preferential tariff is withdrawn Java will be able

to put in the Indian ports sugar at the rate of Rs. 3-8-0 a maund. The present lowest cost of sugar in one of the ports is Rs. 10 and 3 annas a maund. The tariff is Rs. 6-10-2 a maund and when the tariff is removed the cost will be Rs. 3-8-0. My question is whether any of the factories now working in the United Provinces and Bihar can supply even in their own provinces at this rock bottom cost of Rs. 3-8-0 per maund. I will say that the progress of manufacture in India is satisfactory only when these provinces are able to sell sugar at the rate of Rs. 3-8-0 per maund. Then only we will be justified in accepting part 1 of the resolution. My point is you should not think only of the present. We are to think of what would happen 13 years hence. It is clearly laid down that after the period of 13 years the Indian factories must be in a position to stand on their own legs to face the world competition and unless and until the Ministers or Directors of these two provinces are in a position to state that the manufacture of sugar is tending to reach this lowest cost of Rs. 3 odd a maund, I do not think this will be a true statement of fact in clause one. We cannot shut our eyes to the future and judge for the present only. Further, it is to be expressly stated in clause two that the expansions in the United Provinces and Bihar should be carefully watched in the interests of the establishment of a sound industry in those provinces.

Chairman: Should they not be watched to see that they do not come into conflict with the other provinces?

Rao Bahadur Narasimha Raju Garu: It may be the business of the Central Government to watch the developments in all the provinces and if any province feels that the development in another province is rather excessive it may bring it to the notice of the Central Government and the Central Government will be in a position to adjust the development. As far as Madras is concerned we have not yet reached that stage and I am quite certain that the development in the United Provinces and Bihar will not be such as to supply the Madras market at the rock bottom level of Rs. 3-8-0.

Chairman: The Government of India have not got the power to say to a province—you shall not open more factories.

Rao Bahadur Narasimha Raju Garu: But they can advise and co-ordinate.

Chairman: They are doing it now.

Rao Bahadur Narasimha Raju Garu: From the note prepared by Mr. Srivastava it is clear that the development in Bihar and the United Provinces is rather excessive. I will only say that the development in the United Provinces is sufficient if they are able to place their sugar in the market of Madras at the rate of Rs. 3-8-0. Madras is the nearest port to Java and the moment the tariff is withdrawn, things will not be as they are. Somehow or other the United Provinces manufacturers have succeeded in getting the freight to Madras reduced from Rs. 2-8-0 to Rs. 1-4-0 a maund and they shall be able to sell at Cawnpore at Rs. 2-4-0 a maund when the tariff is removed in order to supply Madras at Rs. 3-8-0. So the whole question should be viewed not from the point of view of production in one corner of India but of the whole of India. You must see whether any factories that are now working or that will come into existence in future will be able to

stand competition once the tariff is withdrawn. If any of the existing factories is able to satisfy that condition, I will be very glad to accept this Resolution. The Honourable Minister from Punjab, referred to the development in Java. He has done well to refer to it but I want to know whether he can come up to the level of Java either in the production of cane or in the preparation of sugar. I come from a part of Madras where we hope to come up very soon to the level of Java. If the conference is interested I will just give them the figures as I have calculated. On page 75 of the Tariff Board report, the various figures for the cost of production of sugar in Java are given according to the information received by them and I should like to take the conference item by item if they will bear with me for a few seconds. The cost of raw material in Java comes to Rs. 1-15-3 per maund. Mr. Srivastava has mentioned that in the United Provinces the cost will be Rs. 2-1-4 if the cane is sold at as. 3 per maund. According to my calculations the cost for preparing one maund of sugar will be as follows :—

	Cost in Java. Rs.		Cost in the United Provinces. Rs.		Cost in Madras. Rs.	
Cost of raw material ..	1 15 4		2 1 4	Extraction being 9%.	1 11 0	Extraction 11%.
Cost of manufacture ..	0 4 4		0 9 0		0 5 6	The cost of labour is 50% below United Provinces.
Packing	0 3 0		0 2 9		0 2 9	
Up-keep and repairs ..	0 5 0		0 5 6		0 5 6	
Overhead charges and taxes	0 8 4		0 9 0		0 7 0	The salaries will be low in Madras as compared with the United Provinces.
Carriage of sugar to ports	0 3 0		1 4 0		0 1 0	
Selling expenses ..	0 1 0		0 1 0		0 1 0	
Depreciation	0 7 0		0 5 10		0 5 10	
	3 15 0		5 6 5		3 7 7	
	0 9 5	Add revenue duty at 15%.	0 2 5	Interest on working capital.	0 1 5	Interest on working capital at 6%.
			0 13 4	Interest on capital.	0 13 4	Interest on capital at 6%.
	4 8 5		6 6 2		4 6 4	

Madras expects to realise at the present cost of sugar the whole of the capital invested in the course of five years and have sufficient working capital also so that no interest charges need be calculated thereafter and these two amounts which represent a sum of Re. 0-14-9 may be paid to the grower thereafter and the grower will therefore get Rs. 2-9-9 for his 9 maunds of cane which

will give him Re. 0-4-7 per maund. The factories in Madras may even build up good reserve funds during the period of protection in order to pay the cultivator even higher rates.

The variety of Co. 213 has been grown for a number of years in the tropical part of my country and according to the results recorded by the Agricultural Department in Madras, the cost of cultivating Co. 213 is less than Rs. 100 per acre and the output is more than 36 tons per acre. In the United Provinces I understand the sucrose contents of canes is nearly 11·5 according to the Tariff Board Report and in Madras at Anakapalli Government farm the maximum contents of 213 is 18·2 bricks, 16 sucrose and 87 purity and the average contents are 17·3 bricks, 14·8 sucrose and 85·7 purity. From this we did get sugar even on the Khandsari system in the neighbourhood of 7½ per cent. with an extraction of only 62 per cent. juice. We are sure to reach even on the Khandsari system in the neighbourhood of 10 per cent. with an extraction of 72% and in a factory we expect to reach 11 per cent. Therefore, we may be able to reduce the cost of cane in my part of the country to the low level of Rs. 1-11-0 per maund.

Chairman: But don't you think that you have to convince the Ministers of your province rather than this Conference ?

Rao Bahadur Narasimha Raju Garu: I do not want to take the trouble of convincing my province. I will go on with my methods of cultivation and organization. I have already devoted a good deal of my time. I have organised two co-operative societies ; I have ordered the machinery and I am going to start them to begin work in the month of December this year. Therefore, if you introduce the words " Bihar and Orissa ", in clause two, I have no objection. If you want to make the clause applicable to Madras also I do not understand the necessity for it. There is no development at all in Madras. So, if you want to pass it as it is, I have to oppose it.

Chairman: Is there any other Member who wants to limit Item No. (*ii*) to Bihar and Orissa ?

The Honourable Nawab K. G. M. Faroqui: Though the resolution appears to be non-committal, some of us cannot help apprehending that as a result of our now adopting items (*i*), (*ii*) and (*iii*) of the resolution, the Bihar and Orissa and the United Provinces Governments might, later on, come forward to the Central Government with definite proposals for restricting the starting of new factories elsewhere by legislation. Will it be possible for the Honourable the President to assure us that there will be no legislation for restriction as a result of this resolution being accepted ?

Chairman: I can certainly assure the Conference that the passing of this Resolution will in no way help any of the provinces to come to the Government of India and ask for any particular legislation.

Mr. S. P. Rajagopalachari: Sir, we would like it to be limited to the United Provinces and Bihar and Orissa. We have certain difficulties in accepting the proposition as it is. But if it is to be applied to the United Provinces and Bihar and Orissa, we have no objection.

The Honourable Mr. J. P. Srivastava : We do not want it to be limited to Bihar and Orissa.

Chairman : Let it be noted that the two Honourable Members of the Conference would like item (*ii*) of the Resolution to be limited to Bihar and Orissa and the United Provinces.

Now, about the preamble. May I take it that all members agree to it ?

Mr. D. P. Khaitan : I wish to make a few comments with regard to the preamble. This resolution, as it has been drafted, relates only to sugar. Resolution 1 that we are discussing is rather wide in its terms. I therefore suggest that this Resolution, either by altering the preamble or in some other way, be made wider in its scope. Then, with regard to molasses, I do not find.....

Chairman : I am afraid I cannot at this stage of the discussion allow any amendments of the resolution.

Mr. D. P. Khaitan : It is not an amendment of the resolution. What I am suggesting is this that the question of molasses has got to be considered seriously.

Chairman : I daresay the Honourable Member might like to discuss this subject under some other resolution. I am afraid in view of the business that is before us I would request the Member to see whether molasses cannot creep into the discussion in the next three resolutions.

Mr. D. P. Khaitan : So long as you give me that assurance, I would not insist on my speaking just now.

Chairman : I cannot give any assurance before the Member's time comes. May I understand that the preamble is acceptable to the Conference ?

The Honourable Sardar Sir Jogendra Singh : I feel myself in a great difficulty about this resolution. A minute ago you announced that the carrying of this resolution would not lead to legislation. If that is the case, then what is going to be the effect of this resolution ? Do we wish to produce an impression outside that this Conference is of opinion that the development of sugar industry has reached such a stage that no more expansion should take place.

Chairman : In no part of the resolution has any mention been made of the fact that no further expansion of sugar industry is permitted.

(At this stage the resolution was read out).

The Honourable Sardar Sir Jogendra Singh : The resolution makes certain assumptions and on their basis conclusions have been reached. Now we have to see whether these assumptions are well-founded, and whether the conclusions reached are in the interests of either the sugarcane grower or the sugar industry. The resolution is so worded that certain assumptions are to be made and opinions as to their correctness not only in this Conference but outside are likely to differ. I should like to know whether a stage has been reached when a Conference called by the Government of India should record a verdict which may hamper the growth of sugar industry. From the resolution, as it is worded, people may draw the conclusion that this Conference is of opinion

that the rate at which sugar industry has developed has been rapid though not excessive and that no further expansion of sugarcane cultivation is desirable.

Chairman : I should be very glad to know what the Honourable Member considers should be substituted in place of the words ' rapid ' and ' excessive '.

The Honourable Sardar Sir Jogendra Singh : I do not see the need of this Resolution. I think it is very dangerous to move a resolution of this kind. The development commenced only two years ago and we are not going to say that it has been excessive.

Chairman : But we are saying that it has not been excessive.

The Honourable Sardar Sir Jogendra Singh : But you should read the other two paragraphs.

Chairman : Those who are not in favour of the retention of the preamble should kindly raise their hands.

(18 members voted for, and 13 against the adoption of the preamble.)

The preamble was adopted.

Items (*i*) (*ii*) and (*iii*) were also adopted, the voting being as follows :—

Item (*i*) 18 for and 13 against.

Item (*ii*) 16 for and 13 against.

Item (*iii*) 16 for and 13 against.

RESOLUTION.

Whereas the recent development of the sugar industry in India has been rapid, although it cannot be said to have been excessive, and whereas, owing to the general fall in prices of agricultural produce there has been a natural tendency towards an increase in the area under sugarcane, this Conference is of opinion—

(*i*) that when the modern factories now under construction are working at full capacity, it is likely that these and existing factories will produce sufficient white sugar to meet the existing demand for white sugar,

(*ii*) that in view of the consideration that whilst the potential supply of raw material is very large, the demand for sugar in India is limited, further extensions should be carefully watched in the interests of the establishment of a sound industry, and

(*iii*) that if the production of sugarcane expands beyond the actual requirements it would be extremely difficult, and indeed almost impossible, for any reasonable level of prices for *Gur* to be maintained.

Chairman : I must say I am a little bit surprised. Item 1 was not really intended to formulate policy which is a matter which vests in the Ministers of the various provinces. If after hearing the Ministers of the different provinces, some Ministers do not agree as to what the facts are and want to proceed, there is

nothing in the constitution to prevent their doing so. The Government of India do not contemplate, that by holding this Conference they are going to formulate a programme for the provinces. The entire responsibility for it must rest on the shoulders of the Ministers themselves. I think some provinces are unnecessarily apprehensive of Bihar and Orissa and the United Provinces preventing the development of sugar industry in their provinces. It has already been mentioned that the question of freight comes in. That is a point which has to be noted by the provinces which have got to develop the sugar industry. My one appeal to all the provinces is not to enter upon a sort of cut-throat competition amongst themselves and thereby jeopardise the chances of the establishment of an efficient industry for the whole of India. That is essential and I trust it is not controversial.

The sugar industry was granted a high degree of protection largely because of the value of sugarcane crop to Indian agriculture. There has also been a considerable wind-fall in the shape of the temporary surcharge. Since the prices of most other forms of agricultural produce are exceedingly low owing to general economic depression, it is of particular importance to determine whether the agriculturist has received his intended share of profits. In the note prepared by the Sugar Technologist on the basis of the Tariff Board figures, calculations have been made to suit present-day conditions. In the revised figures of the cost of production and fair selling price no value has been placed on molasses which is now difficult to dispose of. Allowance has been made for the larger capacity of factories and for the lower prices of cane. It will be noticed that on this basis the cost of production is already practically at the level assumed by the Tariff Board for the final stage of protection. In table IV an attempt has been made to estimate the amount available for distribution to the grower taking into account the present average delivery prices of sugar. The result is that with the present price of sugar, reasonably efficient factories can pay Re. 0-8-4 per maund. The actual price is given in the supplementary note. I request you to discuss this item bearing in mind that there is item 3 to be disposed of which really is a contentious item, and an item which involves consideration of policy of great importance. This item, *i.e.*, item 2 is not really one on which a reasonable difference of opinion can exist to a large extent.

Rao Bahadur Narasimha Raju Garu: Mr. Srivastava proposes to divide the profit between the manufacturer and the cane grower. This is a wrong policy. The Tariff Board calculated so much as the cost of cane and so much as the cost of Java sugar in the ports and the difference they have put down as the protective tariff. I submit that the calculation of Mr. Srivastava is not also accurate. The Tariff Board expected the manufacturer to pay during the first seven years at the rate of Re. 0-8-0 per maund and in subsequent periods to pay at the rate of Re. 0-6-0. I object to Mr. Srivastava's calculation at 6 annas per maund. Of course Mr. Srivastava says there are cultivators that sell at the rate of 6 as., 4 as., and so on. That only shows the miserable position of the cultivators and the factory owners are able to avail for themselves all the advantages conferred on sugar industry by the protective tariff and the surcharge tariff now in force. I, therefore, submit that the whole

of the profit as calculated by Mr. Srivastava should not be distributed between the cultivator and the manufacturer. Mr. Srivastava says : "It may be pointed out that on the basis adopted by the Tariff Board, out of the total sale proceeds of Rs. 10-0-5 the amount available for paying for cane is Rs. 5-8-10, the ratio between the two figures being approximately 10 : 5·5. If cane were to be paid for on the same proportionate basis under present market conditions, the amount to be paid would be Rs. 5-2-6 which works out to Re. 0-7-5 per maund of cane, or Re. 0-1-5 per maund more than the present actual price.

He only recommends as to how the balance should be taken by the manufacturer. The manufacturer has got 10 per cent. on the capital invested and if the balance of this profit also is allowed to go to the manufacturer, then he will get nearly 11 per cent. that is a wrong policy. That was never the intention of the Tariff Board or of the Legislature when the tariff was imposed.

Chairman : What is your reply to the first part, whether either the sugarcane growers or the sugar manufacturers are unduly benefited at the expense of the consumer ?

Rao Bahadur Narasimha Raju Garu : My first point is that the consumer will have to suffer for some time in national interest so that we can put the sugar industry on a sound basis. But that is only for a fixed period.

Chairman : What is your reply to the second part, whether the benefits of the protection granted to the industry are being fairly distributed between different interests ?

Rao Bahadur Narasimha Raju Garu : According to my view the manufacturer should never get more than 10 per cent.

Chairman : Does he at present get more than his proper share ?

Rao Bahadur Narasimha Raju Garu : As a matter of fact the Tariff Board recommended the rate of protective duty on the basis that the cultivator should be paid Re. 0-8-0 a maund. He is now paid by the manufacturer less than Re. 0-8-0. That is a fact mentioned by Mr. Srivastava after investigation I presume, and even on that basis there is a profit of Rs. 2 and odd ; and he wants to divide that Rs. 2 and odd between the cultivator and the manufacturer. The Hon'ble Minister for Excise has got his own proposition as to how that excess profit should go to the excise revenue. But I object to any amount beyond 10 per cent. of interest going to the factory men and my view is that the whole of this amount should be paid to the cultivator.

(The Conference then adjourned for Lunch till 3 o'clock.)

The Conference re-assembled after Lunch at 3 o'clock with the Honourable Khan Bahadur Mian Sir Fazl-i-Husain in the Chair.

Chairman : I am sure Honourable Members now would like to proceed with the discussion of item No. 2, and I believe that they would like the discussion to proceed in a way that could be heard by everybody to enable the Conference to arrive at decisions with precision.

Rao Bahadur Narasimha Raju Garu : May I know what is the real object of our discussions ? If the Government of India are not to shape the policies.

Mr. Chairman, before we further proceed I want to understand the real intention of the Government of India in convening this Conference and the Conference in adopting certain resolutions on the subjects placed before the Conference. If the real intention is that the resolutions will not be binding on the various provinces and the various interests, then a mere discussion from the different points of view will be sufficient. If any resolutions are adopted what is the benefit which the Government of India will derive thereby ? Are the resolutions to be recommendatory or advisory ? If they are to be recommendatory or advisory to the Government of India and a certain policy is to be adopted by the Government of India on the basis of those resolutions, I can understand that there is some purpose in it. But so far as I can understand from your statement this morning, the Government of India will not have a real guiding hand in the matter ; most of it is in the hands of the provinces. If we have a general discussion from different view points and each province on the strength and basis of these proceedings has to shape its own policy, that is quite a different thing and these resolutions are not at all necessary for the guidance of Local Governments. Therefore it is better that we have a good understanding of the real meaning of the discussions or the adoption of resolutions.

Chairman : Am I right in inferring from your speech that you are opposed to having any resolutions moved ?

Rao Bahadur Narasimha Raju Garu : If the Government of India consider that they require some recommendation, some guidance from this Conference for any of their purposes, there is a real necessity for adopting some resolutions. If the Government of India do not feel any such necessity, according to my view no resolutions need be passed.

Chairman : I have quite understood your point. The first item was discussed and the discussion concluded with the passing of a resolution, not because the Government of India wanted any resolutions passed to enable it to arrive at any decision on the points at issue. The resolution was put before the Conference because it was felt that ordinarily when a matter is discussed at length in a conference it is but the ordinary practice that the result of that discussion is incorporated in the form of an expression of opinion by the body which has discussed it. There is no inward meaning other than this obvious one in the method of passing resolutions. If the Conference prefers to pass no resolutions but simply discuss, I for one would not insist upon the Conference incorporating the expression of its views in the form of resolutions. If Honourable Members who have come all this distance are satisfied with a general discussion they can very well do so. I shall be glad if Honourable Members who feel that no resolutions should be passed kindly express their views by raising their hands. Afterwards I will ask those who would like to have resolutions passed to also express their views by raising their hands. I think this is the best way of disposing of this matter.

(A count was taken, there were 12 for passing no resolutions, and 11 for passing resolutions.)

12 members say that they do not want to pass any resolutions, 11 say that they want to pass resolutions, and the rest are indifferent whether any resolutions

are passed or not. The result is that in order to carry out the wishes of the majority of the members who have chosen to express their views I will not allow anybody to move any resolution on the points at issue but will ask each province to put up a representative to speak on the subject unless of course there is a difference of opinion within the provincial representatives themselves. I am afraid amongst some members of the Conference there is an impression that this announcement of mine had anything to do with the proceedings this morning. As a matter of fact, I am quite innocent of any reference to this morning's proceedings. All I meant was that each province has been asked to send up representatives of cane growers and representatives of factory owners. Am I to understand that in every province these two interests are absolutely at one and that there is no difference of opinion between them ? If so, the proceedings of this Conference I hope to finish to-day. But if there is I should not be understood to mean that I will not let the representatives of different interests in a province to speak on the points at issue. On this particular resolution will Madras kindly sepak ?

The Honourable Sardar Sir Jogendra Singh: If you will permit me, I want to point out two things in connection with resolutions.....

Chairman: I am afraid we have concluded. We will never proceed unless having chosen a path we pursue it.

The Honourable Sardar Sir Jogendra Singh: The point I wanted to mention was very simple. Bihar and the United Provinces have 7 non-official representatives and the rest of India 3. The representation of Bihar and the United Provinces is 14 and the rest of India is 22. The reason why people fight shy of moving resolutions is that the whole of India is not properly represented according to their population.

Chairman: Will Madras please proceed ?

The Honourable Diwan Bahadur Kumaraswami Reddiyar: In one of the notes circulated to us the data on which the Tariff Board based its recommendations are mentioned and the revised calculations of the Sugar Technologist are also mentioned there. The revisions have become necessary mainly on account of the change in market conditions, but also because, as he says, some at least of the data that were available for the Tariff Board were found to be incorrect. I am mentioning that, Sir, as illustrating what you were good enough to tell us this morning, that these statements of figures supplied to us are after all forecasts, and though based on as accurate information as may be available, are not certainly infallible and we need not be frightened by them more than is absolutely necessary. As a result of the revised calculations the Sugar Technologist now comes to the conclusion that the manufacturer of sugar is making on every maund of sugar Rs. 2-7-4 more than what the Tariff Board considered to be the normal or reasonable profit to which he may be considered eligible or entitled.

Now, what is to be done with regard to this Rs. 2-7-4 which represents about 20 per cent. of the outlay on his business, is the question. That is probably the most important question arising under item no. 2 of the subjects that

we are dealing with. The suggestion of the Sugar Technologist himself is to give it back to the manufacturer in part and the rest of it to the sugarcane grower.

Chairman: I am afraid that is point no. 3.

The Honourable Diwan Bahadur Kumaraswami Reddiyar: "Whether it is fairly distributed" is the wording.

Chairman: Not the exact proportion unless you maintain that at present it is fairly distributed.

The Honourable Diwan Bahadur Kumaraswami Reddiyar: At present it is not fairly distributed; and the Sugar Technologist suggests a re-distribution.

Chairman: We are not going to adopt his suggestion under item no. 2. It is really under item no. 3 which is really the most important and which really deals with the price.

The Honourable Diwan Bahadur Kumaraswami Reddiyar: That is as between the manufacturer and the sugarcane grower.

Chairman: As between the consumer, the grower of cane as well as the manufacturer.

The Honourable Diwan Bahadur Kumaraswami Reddiyar: If the proposal that is put forward affects the relations between these three sets of people, that would come under this item and not under 3.

Chairman: Under this item all that is before the Conference is whether the present distribution is fair or unfair, without dealing with the question of the extent of its being unfair. What you are discussing is the extent, is it not?

The Honourable Diwan Bahadur Kumaraswami Reddiyar: It is not merely that. I am viewing it in this manner. The present distribution is not fair in this sense that the manufacturer gets more than he is entitled to. Suppose I desire to make a proposal as to how this extra margin of profit which the manufacturer gets is to be used, would that be in order?

Chairman: That would come under 3.

The Honourable Diwan Bahadur Kumaraswami Reddiyar: We consider that sugar manufacturers are getting a great deal more than the Tariff Board expected that they will; and I have a proposal to make as to how this extra profit can best be utilised: I take it that this question would not come in under item 2 under the restricted interpretation you have put upon it.

Chairman: Yes. Is there any other member from Madras who holds a contrary view?

Mr. W. O. Wright: Unfortunately these particular papers have not reached me. So I have not been able to check the figures by which the Sugar Technologist has come to the conclusion that the manufacturer is getting more than his share of the profits. I only know what we are paying for cane in the districts where I am interested in sugar and there we pay Rs. 15 per ton, which is about 9 annas a maund and we also pay a bonus regulated according

to the price of sugar obtained from that cane which last year was equal roughly to another anna a maund. I should think that the figures on which the argument is based that the manufacturer is getting more than his share of the profits are not accurate so far as my own part of India is concerned.

Dr. G. P. Hector: It is difficult to give any definite opinion. We have no established sugar factories. All we can say is that we know that the ryots in Bengal are finding it profitable to supply cane to small factories at 4 annas a maund. This is probably due to the fact that in Bengal no irrigation is necessary. The Bengal cultivator does comparatively little cultivation and manures to a less extent than in other provinces. We know that in Rajshahi the cultivators for the last season sold for 4 annas a maund to small factories and they largely increased their area this season. As no large factories actually exist, actual figures for such are not available, but small open-pan factories are making fairly good profits at Rs. 8 to 10 a maund. At present the matter seems fairly well balanced for all parties, but we have little data to work on.

The Honourable Sir Sardar Jogendra Singh: This matter was carefully examined by the Indian Sugar Committee and their conclusion was 'We have given considerable thought to this most important question and see no reason why a system which has worked so well in Cuba and Louisiana should not work equally well in India'. They proposed that half the sugar produced from cane should go to the cane growers and a sliding scale on that basis was framed by the Indian Sugar Committee which I can place before you if you like. At the time when the Sugar Committee went into this question molasses were yielding a fairly good income. At present molasses fetch no price whatsoever. Therefore so far as this bye product is concerned, the finding of the Indian Sugar Committee is vitiated, but on the other hand there can be no other standard than the one arrived at by the Indian Sugar Committee in the matter of fixing prices for sugarcane.

I am puzzled how to move a Resolution on this point which I had framed. I hope you will find some way of ascertaining the views of the conference on this matter. Now in my province there is one modern sugar factory and they have been working on very poor canes. They are getting better quality canes and it is essential that cane grower should get an adequate price. It is necessary that we should make use of the molasses so that agriculturists may get a better price.

Chairman: You cannot move anything. There are no data available to you on the basis of which to express an opinion whether the distribution of profit between the manufacturer and the producer of cane is fair or not but your own general impression is that they are not fair to the producer of cane. There the matter ends.

The Honourable Sir Sardar Jogendra Singh: My point is that full price cannot be paid for cane unless full use is made of the by product known as molasses.

Chairman: You had better leave it till we come to item 3 because I am quite convinced that it does not come under item 2.

The Honourable Sardar Sir Jogendra Singh: I hope this conference will be given an opportunity to express an opinion on using molasses for making power alcohol in the interests of the vast majority of cane growers.

Chairman: It does not come under item 2. Whether it comes under item 3 can be decided later or you can bring this subject up at the conclusion of the business of the conference.

The Honourable Dr. Gokal Chand Narang: It is a matter of great regret that I have to express an opinion different from that which my Honourable colleague has expressed and it is a great pity that for one reason or another this House is not allowed to express its opinion in the form of a resolution. This is probably the first conference out of the many I have attended where no dicisions would be arrived at but that is now a thing of the past.

Coming to item No. 2, my Honourable colleague did mention that there was only one factory working in the Punjab and it is a matter of very great regret that being in charge of the Agricultural Department he does not know that that single factory has not up to this time made a single pie by way of profit. It is a limited company. The Government of the Punjab has invested two lakhs of rupees in it and no shareholder of the company has got a shell. There was a time when the shareholders were prepared to sell the shares for 4 annas for the rupee. I was made an offer by the Chairman of the Company but I was not prepared to advise my co-workers to go in for this transaction. It has now been taken over by a lessee and the lessee is working at a loss as is shown by the balance sheet of last year. For this year the balance sheet has not yet been published. Therefore it is not known how much their loss would be this year or if they have made a profit, how much that would be. The Punjab Government itself have lost over this transaction. Even the interest on the capital invested in this company has not been made good and there has been no dividend whatsoever. There are some small factories in the province and they manufacture sugar by the open pan system. Their ; ercentage does not exceed 5 and I know of one very important gentleman who runs a private factory of his own, who produced 800 maunds of sugar in one season and was not able to sell it in the market. I am sure the Chairman is fully cognizant of this instance. Then, if we take other investors of the Punjab who have invested their money in sugar manufacture, they have not made anything worth the name from their investment which amounts to about 60 to 70 lakhs. Those factories have been put up and the working of them has been very unfortunate. One or two companies have made some profits but the other companies have been able to make no profits at all. The price of the cane is about 6 annas per maund. I have told you now about the only sugarcane factory that is running in the Punjab. I have also told you about the smaller factories. I have also told you about the companies that have been registered in the Punjab. They have not been able to make any profit worth the name. They are now quarrelling with the suppliers of their machinery and probably the matters will go to litigation and that will involve further expense.

Chairman: In which part of the Punjab are these five factories situated ?

The Honourable Dr. Gokal Chand Narang: The companies are registered in the Punjab but their mills are in the United Provinces. But we

are not discussing here only one province ; the question is with respect to the whole of India. So far as the general considerations are concerned, you will kindly bear in mind the difficulties which anyone who sets up a sugar mill has to face. In the first place it has been overlooked that when a sugar mill is ordered there is no return on the capital for some considerable time. It takes about a year to erect a sugar mill and the cost is very nearly what has been stated by the Sugar Technologist round about 14 lakhs. Even if you count the interest at 6 per cent., it would mean that he is out of pocket to the extent of Rs. 84,000 in the very first year. I think your Sugar Technologist will bear me out when I say that all sugar mills do not work properly in the first season. One is really very lucky if one finds that the machinery supplied to him turns out to be good and no defects are found either in the boiler or in the mill or in any other part of the machinery. If there is the slightest defect in any part of the machinery, the whole thing is blocked. That has been the fate of the 5 mills to which I made reference. Then there is no organisation which can ensure the adequate supply of cane to these factories as is the case in England. The mills have to depend upon chance. It is not like Java where each factory has its own plantations, in the centre of which the mill is situated. In this country the mill owners have to depend upon casual supplies from a thousand sources ; there is no guarantee for adequate supply. Also there is no guarantee for good quality supply and the sugar manufacturers have to invest a large amount of money in order to improve the quality of the cane and also to ensure a regular adequate supply. They have to make advances to the tenants without interest so that they may have sufficient quantity of cane at the proper time. They have also to sink tube wells in the cane area in order to help the tenants during the dry season. This is one of the many risks which an investor in this industry has to face. Then the fact should not be forgotten that the depreciation of sugar machinery is very considerable indeed. The income-tax people allow only 6¼ per cent. and we have to be content with that. As a matter of fact, the sugar machinery, unless you spend 30 to 40 thousand a year on its repairs and replacements will not last for 16 years which is the period which the income-tax people calculate and on which they allow depreciation. No machinery will last unless it is attended to properly for more than 6 years. That factor ought to be taken into consideration also.

Chairman : May I interrupt for a moment. I presume the Honourable Member is hinting that the present distribution is fair.

The Honourable Dr. Gokal Chand Narang : Yes, Sir. In fact a resolution has been drafted on that point, but I am not going to refer to it just now. There are three parties concerned. One is the sugar manufacturer, the other is the consumer and the third is the cane grower. So far as the consumer is concerned, I believe there will not be any difference of opinion that he has nothing to grumble about because the price of sugar during the last two or three years has steadily gone down and if Mr. Srivastava's forecast is correct, the price of sugar is bound to go down further. If Java releases its stocks, then it is bound to go down. If all these 117 mills will work during the next season, the price of sugar is bound to go down still further. If I am not mistaken, I think the price of sugar realised during the last season was about

Rs. 1-8-0 less than the price realised before that. It must be known to many Members here that countries like Java can produce high quality sugar to the extent of 80 to 90 per cent., while in India the first crystal, that is, good quality sugar, is produced only to the extent of 40 to 45 per cent., the price of which alone has any comparison with the price of Java sugar. Then there is the second and third crystal sugar and also what is called the Pisa sugar. The third quality sugar was sold during the last season at Rs. 6/2. So, you have to take the average of these three qualities of sugar and not the price of the Java sugar. With due deference to the Sugar Technologist, I would say that the price that he has taken, namely Rs. 9-5-3 is highly excessive. When I mentioned this figure to one of the managers of the mills with which I am connected, he said that he would be prepared to sell a million maunds of sugar for five years at Rs. 8/8 instead of Rs. 9-5-3. This is only to point out that the figure taken by the Sugar Technologist is too excessive and does not represent the real state of affairs.

Then there is another point to be considered and it is this: Has the Government or any other organisation done anything to stabilise and fix the price of sugar? Let them consider this aspect of the question and things will adjust themselves in course of time. It is too early really to be alarmed and to commit what may be rightly termed as sugar infanticide.

Chairman: Is that remark in reference to the new factories that are cropping up? What you have said just now, does it refer to the policy of free trade in reference to this industry?

The Honourable Dr. Gokal Chand Narang: I am not referring to free trade at all. I am speaking subject to the conditions which exist at present. If you take away the protection, then you would ruin all these 117 factories in 24 hours. They will be absolutely finished. What I was submitting was that nothing has been done so far to fix the prices of sugar and therefore there is another fresh risk in this industry that the sugar manufacturer has to face. He does not know his future. He does not know what he will get and considering this along with other features, my opinion is that he is not deriving any undue or unfair advantage from the protection. Then there are a few more points to which I will repidly draw your attention. So far as I am aware there is no other commodity produced in India about which any such question has been raised. The jute manufacturers in this country have been making enormous profits. The cloth manufacturers in this country for many years were making large profits. The cane growers, the cultivators, for about 10 years were making enormous profits.

We never heard that wheat would sell in the Punjab at Rs. 10/0/0 or cotton at Rs. 40/0/0 they were realising these profits and we never grudged them. Why should sugar be singled out for any interference by Government?

The Honourable Mr. A. H. Lloyd: Because it is protected.

The Honourable Dr. Gokal Chand Narang: I think it is the duty of the Government to protect industries of the country. Other countries have done the same before and simply because protection has been extended, it does not mean that the industry should be strangled. People have invested large

sums of money on the assurance and faith that Government wanted this industry to develop and they would be safe. If by direct or indirect means that protection is taken away whether by amendment of the Tariff Act or by imposing restrictions or raising the price of cane to an uneconomic degree it means you partially take away the protection which is now extended and on the strength of which large sums of money have been expended. It would be very unfair to take any such step at this stage. Government ought to wait and see and if they find that the cultivator is not having his due share of this protection then the Government may put their foot down.

Colonel C. G. Lees: What do you count as an economic price of cane?

The Honourable Dr. Gokal Chand Narang: Economic price is the price which is now being paid. From my calculations I have come to the conclusion that we are paying 6 as. in most of the factories or 5 as. 11 pies. The cheapest rate is 5 annas 6 pies and on that you should add what the middle man or the contractor gets. I have calculated that the cultivator is getting cent per cent. profit on his investment and I am quite prepared to prove it. Take his land, irrigation expenses, manure, watch and ward, taking to the market and so on, and still I am convinced that he is not being unfairly dealt with.

Chairman: Is your view based on the economic enquiry that has been conducted in the Punjab by the economic enquiry board during the last ten years.

The Honourable Dr. Gokal Chand Narang: It was not based on that, but it was based on my own personal knowledge and calculations.

Chairman: Does it differ to any extent from the result of those enquiries?

The Honourable Dr. Gokal Chand Narang: I do not know. I should be glad to discuss this point with you or with your Secretary. These are my personal views and I think those who are interested in sugar industry would support me in this view. If this protection is only for a short period what will become of the valuable machinery and buildings which the manfacturers have set up. All these mills will become useless because other countries grow more per acre and work with greater efficiency. If you want to help the cultivator it should be done on the lines suggested by me this morning. Molasses have ceased to count in sugar economy. There was a time when the sugar manufacturers in Amritsar sold molasses at Rs. 3-8-0 and it gradually came down with the result that we cannot get even 8 pies for the molasses now. We have only to set up separate burning plants for these molasses. That means additional expenditure which has not been taken into account. Where there was no factory even 2 annas could not be had for a maund of cane. Even now where factories are at a distance of 60 miles, the cane grower cannot get more than 2 annas whereas he is now getting 6 annas. In Sonepet, Iam told they are paying about 6 annas for a very indifferent cane. The figures supplied by the Technologist show that the quality of cane, apart from quantity, has immensely improved by the setting up of these factories. In the supplementary note to note I the quantity of improved cane has increased within two years from 817,000 to 1,821,000. Also no good cane was grown before the factories were set up and now it is about

90 per cent. Coimbatore. Who has benefited by this ? Surely it is the cane grower. He gets better price and he returns the same cane, saves the seedling, and a good deal of ploughing and labour and he gets almost the same price as for the fresh crops. All these factors have been ignored.

Colonel C. G. Lees: If the price of wheat went up to Rs. 6 again do you think the Punjab ryot would grow cane again ?

The Honourable Dr. Gokal Chand Narang: This is another risk which the investor has to run and he deserves commiseration for it. The safety of the sugar investor lies in this that the sugarcane crop should continue to be the most profitable crop. As soon as it ceases to be the most profitable crop what becomes of the large sums of money invested. Instead of being an advantage it becomes a disadvantage. One important factor should be brought to the notice of this Conference. The sugar factories have led to the enrichment of country as a whole and also to the benefit of the consumer and the cane grower. They get only 5·8 per cent. of the total cane grown in the country. In the first place it is surprising that the party which consumes only about 6 per cent. of the total yield of sugarcane in the country should be the first to be penalised. You say "you are making too much profit, let us have something of your profit". What becomes of the 94 per cent. of the cane grown. About 8 or 10 per cent. is purchased by the khandsaries and they never pay more than 3 annas to the cane grower. The sooner these khandsaries go out of existence and modern factories are set up, the sooner will the cane grower reap full benefit and he will get at least 5½ annas. You know that the total output of the factories is 1,58,000 tons while the output of the khandsaries was 2,50,000. Who is harming the cane grower and getting undue advantage, not the people who are running the factories. This is a very important factor. This accounts for about 16 per cent. what becomes of the 84 per cent. which is consumed by bipeds or quadrupeds. According to the Technologist 69 per cent. is converted into *Gur*, a most uneconomic process. It is really surprising that any country outside this benighted country should allow this to continue. *Gur* obtained from 100 mds. cane is ten maunds. Sugar obtained from modern factories from 100 maunds cane is 9 maunds, so that about half the cane which is converted into *Gur* is wasted. Should you not therefore encourage the setting up of more factories and ask people to use sugar instead of *Gur*. You will be saving cent per cent. of the wealth of the country by substituting modern factories in place of the old *belanas*. That is the direction in which Government's attention ought to run.

Chairman: Is that the direction in which the Punjab Government is moving ?

The Honourable Dr. Gokal Chand Narang: I am not the Punjab Government, only a part of it. But if you give me ten lakhs out of the 50 lakhs that you have got I may show you how to help the people.

I was only saying that if you want to help the cultivator you should work in different lines and not strangle this infant industry which has been regenerated with the help of the Government only recently. It is only about two years since this Act was passed and it is too early yet to go and settle scores with the sugar manufacturers. The capitalists have got a bad name and

everybody goes in for the capitalist; but the capitalist is also of some use in the economy of the nation. There ought to be a combination of capital and labour to work for the benefit of both parties. I would therefore submit that efforts should be directed towards the improvement of cultivation and towards the improvement of efficiency in the mills, and that would benefit the cane grower much more than anything that you may do by these means, either reducing the profits of the sugar manufacturer in one way or another, or removing the protection that you have just given.

Mr. R. R. Stewart: No views.

Sardar Bishen Singh: In my humble opinion at present practically the whole benefit goes to the manufacturer at the cost of the cane growers.

Nawab Rais Jung Bahadur: There is no factory at present in Hyderabad.

Chairman: I should like to know from the representative of Mysore whether on the basis of their own factory they have any opinions to express as regards the distribution of profits.

Mr. S. P. Rajagopalachari: Our factory is not yet in full working order and therefore I am unable to make any authoritative statement. But I should like to give a few points on the general question.

Chairman: You might speak on item 3.

Mr. H. C. Prior: My Government, though they realise that the consumer is paying heavily for the protection, still do not think it necessary to press for a reduction of duty on his account, for three reasons. First, the consumer of white sugar is in a small minority and is confined to the more wealthy people living in towns. It is not necessary to go further into this as it is fully discussed on page 91 of the Tariff Board's report. Secondly, even with the present protective duty the price of sugar is not unduly high when compared with previous years. The Sugar Technologist has in table IV on page 5 in note II of the first papers given to us compared the variation between the price of sugar in April, 1933, and the price of sugar in January 1929. In considering that variation I think it should be remembered that in January 1929 owing to the world nature of the sugar market the prices of sugar were extremely low, whereas the prices of cereals and pulses with which they are compared in that statement were still high. The previous prices of sugar are given in the Tariff Board's report and I do not think I need refer to those. The third reason is that they anticipate that the competition between manufacturers in India will very shortly bring the price of sugar down below its present level.

The second part of the subject is whether the benefits of the protection granted to the industry have been fairly distributed between the different interests. It is difficult to answer this question unless we have accurate figures for the cost of manufacturing sugar and for the cost of growing cane. The Sugar Technologist has tried to give us figures for the cost of manufacturing sugar. Some of the manufacturers themselves have criticised his figures and there is only one criticism that I should like to make and that is that the cost as taken for cane does not entirely correspond with the cost shown in table IV of the second set of papers that were supplied to us.

As regards the cost of cultivation of cane it is very difficult to collect figures and the various growers of cane produce different estimates.

So far as my Government have been able to obtain information, the factories in Bihar this year intended to pay to the cultivator on the average 5½ annas per maund of cane. It is admitted, however, that they did not succeed in doing so on all occasions, but that was their intention. They intentionally paid less than this on a number of occasions, and there were three main reasons why they did so. The first was that a certain number of raiyats against the factory's advice grew types of cane which were not suitable. I refer particularly to Co. 205. The second reason was that there was an excess of cane grown in certain areas. The raiyats would not have been able to get rid of this cane had not contractors come and carried that cane from those particular areas over long hauls to other factories. One of these instances is mentioned by the Sugar Technologist. If cane is drawn from a different district and carried over a long haul I think the manufacturer is bound to pay a smaller price for it. A third reason why in some cases smaller prices than the average were intentionally paid by the factories was because the crushing of the cane was continued right on to May when the sugar content of the cane was extremely low. If that 5½ annas which the factories on the average intended to pay had actually been paid to the cultivators, my Government are of opinion that the distribution would have been fair. But they realise that this money was not paid and the reasons why it was not paid are partly because there was inaccurate weighing on the weighbridges and partly because a large number of factories buy their cane from contractors. The factory manager can only ensure, as long as he continues to buy cane through contractors, that the money is paid to the contractors. He cannot ensure what that contactor pays to the raiyat; and my Government are afraid that last year the contractors did take a disproportionately large share out of the profit that accrued in the sugar industry. They therefore consider that if any legislation is to be undertaken that legislation should be directed more to ensuring that the price that the factory intends to pay is actually paid to the cultivator rather than laying down what price the factory should actually intend to pay to the cultivator and they consider that one of the best methods of ensuring this is to ensure that each factory maintains a well-paid, efficient cane superintendent who would be responsible for making arrangements with the cultivator for delivery of their cane.

The Honourable Mr. A. H. Lloyd: I should like to ask one question. Will the Revenue Secretary from Bihar and Orissa kindly say whether from his experience in his own province he is prepared to bear out the statement made by a very recent speaker that sugarcane sold in the factories fetches three times the price that it gets where there are no factories?

Mr. H. C. Prior: Conditions in Bihar vary between North Bihar and South Bihar. In North Bihar a very great majority of the cane is sold to white sugar factories. In South Bihar a very small amount of cane is sold to white sugar factories. The average price of gur made from the cane in South Bihar was Rs. 2 a maund and that I think represents about 1½ annas per maund of cane.

Colonel C. G. Lees: I agree with Mr. Prior that the contractors were largely at fault in many instances, but my personal knowledge is that some of the mills did buy unbonded cane at low rates. I do not blame them in the least for doing so. The raiyats cut the cane without orders and brought it into the mills. The mills as a business proposition no doubt bought cane at rates varying from 3 annas to 4 annas. The bonded raiyats have few complaints as far as payments go; the mills pay the proper amount. Whether the contractors distributed the proper amount of cash to individual raiyats, I cannot say. But in my opinion the raiyats are largely at fault for bringing their cane in when it was not required. The mills certainly relieved the raiyats by taking their cane, thereby causing distress to the bonded raiyats who had brought their cane first. That was the main complaint the bonded raiyat had. He did complain against the contractor I know, but whether they actually scored as much as they are supposed to have, I cannot say. My opinion is that they did not. In my own small zamindari there were a dozen Indian contractors working for Indian mills. They I know contracted cane for 3½ annas, and if the mill paid them at the rate of 5½ annas I cannot believe that I should not have heard that these men had secured 6 or 7 thousand rupees which they would have done under these circumstances. Whether the factory paid actually 5½ annas or whether they paid 3½ annas and another ½ anna for railway freight, I cannot say. But I know there was a considerable quantity of unbonded cane bought by the individual mills, which had been cut without orders. It was brought to the mills and in my opinion the mills were perfectly justified in buying it at the price they did, but I do not think they ought to be in a position to do so.

Chairman: Now there are two representatives of factory interests in Bihar. Will one of them kindly speak?

Mr. D. P. Khaitan: I have been asked by my colleague to speak on behalf of himself and myself. Sir, it is quite natural that we should show the greatest sympathy to the agriculturist, and I can assure you that I have as much sympathy for the agriculturist as anybody else has, and if something could be devised whereby the interests of the agriculturist could be suitably protected without injuring the interests of the country as a whole, I should be the first person to advocate those measures.

The questions that we are at present considering are first, whether either the sugarcane growers or sugar manufacturers are unduly benefited at the expense of the consumer, and secondly, whether the benefits of protection granted to the industry are being fairly distributed between the different interests. What we are primarily considering in the course of this discussion is the question as between the sugarcane grower and the sugar manufacturer. We have for some reason or other, or perhaps unconsciously, ignored the consumer though the first question directly relates to the consumer more than the position between the cane grower and the sugar manufacturer. But be that as it may, let us consider whether the sugar cane grower has benefited as a result of the protection or not and as to whether the sugar manufacturer has benefited as a result of the protection or not.

We are all aware that before protection was given for the purpose of building up a sugar industry it was impossible to build up more sugar factories, it

was impossible to think of making India self-sufficient as regards the matter of sugar supply in this country. It is just because of protection that people thought that sugar manufacture would yield at least in the first years a considerable profit to the manufacturer and therefore many capitalists have either gone by themselves or they have combined among themselves and have set up sugar factories. As to whether the profits that were expected did accrue to them and whether the profits that were expected will continue in the future or not are quite different propositions and I shall, with your permission, deal with them a little later. But my present purpose will be served by drawing your attention to the fact that if it had not been for the capitalists who have sunk their money and taken all the trouble that they have done in setting up sugar factories what would have been the position of the sugar cane grower. We all know it as a fact that wherever a sugar factory has been constructed more sugarcane has been planted, and as a result of the purchase by the sugar factories the sugarcane growers have been getting at least more than five annas per maund instead of one anna and six pies per maund which the other sugarcane growers are getting. Even in areas where sugar cane has been planted and grown for the factories and factories have not been able to buy the supplies, in the very same locality the sugarcane grower has not been able to get more than one anna and six pies or two annas per maund for the cane which has either been converted into *Gur* or has been sold to buyers who have converted them into *Gur* or utilised the same in khandsari factories. The fact remains that as a result of the development of this industry the sugar-cane grower has benefited to the extent that instead of one anna and six pies or two annas per maund he has been getting over five annas per maund for his cane. More than that, as Dr. Narang has pointed out, he has improved the quality of his cane. But for the establishment of the sugar factories he would not have gone in for that improvement of quality that he has done. Therefore if we look at the proposition from the business point of view, nobody can contradict this proposition that as a result of the establishment of sugar factories the sugar cane growers have benefited considerably.

Now, as regards the question whether they are getting economic prices or not, I would cite to you the case of another province in which even in the absence of sugar factories, because jute was less in demand, the cultivators have gone in for the plantation and cultivation of sugarcane, and they have found that they did so to their great benefit. And this in spite of the fact that they have not been able to sell their sugarcane at any rate higher than two annas a maund. This is the case of Bengal and the agriculturists have been very happy that they could get a substitute for the jute crop, and that they did not have to grow and cultivate paddy and other crops which were hardly yielding them any profit whatsoever. This must be the condition in other provinces as well.

Therefore, it cannot be contended that the erection of sugar factories has not been a blessing, not simply a blessing in disguise but an open blessing, which nobody can contradict, to the sugarcane grower.

If we come to the question of consumer,—I am not touching upon item No. 3 of the agenda, I will reserve my remarks thereon when that question comes. But incidentally it arises when the question of consumer is concerned.

It is all very well for us to think of fixing a price for cane, but where does the consumer then stand ? Is the consumer then to get his sugar cheaper as the result of internal competition ? It is internal competition as a result of the protection that has been granted that is going to benefit the consumer. You are not going to fix a maximum price for sugar and a minimum price for sugarcane. That would be inconsistent, it would be unreasonable and inequitable, and I do not think that any Government in the world will fix a minimum price for the raw material and a maximum price for the manufactured goods. You must stand on the same level in regard to both. If you fix a minimum price for the sugarcane you will be driven to the conclusion, in spite of yourselves, that you will have to fix a minimum price for the sugar and then the fate of the consumer will be left in the lurch.

What is the position that we are witnessing at the present moment ? We are all aware of the fact that a large number of factories have already grown up, a large number of factories are in the course of construction, and although Mr. Srivastava to whom I am very thankful for the extraordinary pains that he has taken—Sir, I must challenge the correctness of his figure that an average price of Rs. 9-5-0 has been realised. I am myself interested in the manufacture of sugar and I am closely associated with a large number of other companies who also manufacture sugar. And I know it to be a fact that the average price realised for the sugar manufactured in the last season has been Rs. 8-8-0, and certainly not Rs. 9-5-0. Sir, even the price of Rs. 8-8-0 has been realised as a result of stocking the sugar that has been manufactured. The manufacturer has lost interest on the price representing the stock that had to be stored in spite of the fact that the sugar was sold and the sugar could not be delivered. All these the manufacturers have got to do. Before then the price of sugar realised was above Rs. 10. In the last season the price of sugar realised was Rs. 8-8-0 and he would be a bold man who can predict that in the next season the average price realised would be above Rs. 7-8-0 a maund. This is because of internal competition. Because of internal competition Bihar and the United Provinces will not be able to consume all the sugar that is produced there. The neighbouring provinces will not be able to consume all the sugar that is produced in Bihar and the United Provinces. The manufacturers in those two provinces will have to look to distant fields for the purpose of selling their product. They will have to seek provinces like Madras and other provinces for selling the sugar, and the lowest amount of railway freight which has to be paid in spite of the reduction that Sir Joseph Bhore's department has given in the case of freight on sugar—the lowest amount of freight that has to be paid is Rs. 1-8-0. In Madras the manufacturer of Bihar and the United Provinces will at once come into clash with imported sugar from Java, and the price of sugar landed in Madras is near about Rs. 10-4-0 for No. I and not higher. If you deduct Rs. 1-8-0 you will find that the producers in Bihar and the United Provinces will not be able to get a price which is more than Rs. 8-12-0 for No. I. No. II sells much lower and sometimes has no market. Then, on account of the great internal competition and on account of the weak position of a large number of the manufacturers who have either newly set up their mills or even who set up their mills in the last season—on account of the competition

that will arise amongst themselves they will all be keen to sell their sugar as quickly as possible. I submit with the greatest respect to everybody present here that the sugar manufacturers do not expect to realise an average price next season higher than Rs. 7-8-0. We are thinking of the future ; we are not thinking of the past ; and if we take the future into account we should rather base our estimates on Rs. 7-8-0 than on Rs. 10 or Rs. 9-5-0 or Rs. 8-8-0, whichever may be the figures given to you.

Chairman : Are you not going into details ?

Mr. D. P. Khaitan : I am going into detail to explain how it affected the consumer whose case has not been dealt with so far.

Chairman : I thought the point made by you is that the consumer has done very well and there is nothing to complain in the matter of fair distribution of profits.

Mr. D. P. Khaitan : I am sorry that you drew certain words from my mouth which I did not utter, namely, that the consumers have done very well. What I am saying is that already internal competition has arisen as a result of which the consumer is steadily but surely benefiting, and that is the object of protection.

Chairman : Don't you wish to express any opinion on the questions involved in item No. 2 ?

Mr. D. P. Khaitan : Certainly, Sir. My opinion on the item is that the benefits of the protection granted to the industry are being fairly distributed among the different interests. That is my opinion, and I have taken some pains to explain why in my opinion the profits are being fairly distributed. As time is short I will not prolong my speech further but I associate myself with every word that has been said by Dr. Narang who has gone in great detail over this question.

The Honourable Sardar Sir Jogendra Singh : I just want to point out.

Chairman : No, not now.

The Honourable Sardar Sir Jogendra Singh : In connection with *gur* there is a very wrong impression that *gur* gives only one anna.

Chairman : No, not now. Let the members finish first.

The Honourable Sardar Sir Jogendra Singh : That is all I wanted to point out. We have got the exact figures.

Chairman : United Provinces please.

The Honourable Mr. J. P. Srivastava : The turn of United Provinces comes last but I hope that this does not mean that we are the least important. We have, as the statement here shows, 35 factories working in the Province and 20 more are going to be put up before the next season as against one factory in the Punjab which province has filled so much of the stage this afternoon. We have found in the United Provinces that the price which is being paid to the cane grower is not sufficient. The question before us, I take it, does not concern the future. It refers to the past and the present and so I am not going to prophesy as to what is going to happen.

Mr. D. P. Khaitan : Are you going to legislate for the past ?

The Honourable Mr. J. P. Srivastava : The question in the agenda is whether the consumer and the factory have derived a fair benefit from the protection which has been granted. We in the United Provinces have not a divided responsibility. We believe in joint responsibility. We do not have the sight of two ministers at loggerheads. There can be no doubt about it that so far the cane grower has not derived any benefit from the protection that has been granted. The statements before us bear conclusive evidence on this point. You referred us, Sir, to the Statement No. 3 prepared by the Sugar Technologist. On page 5 of this it is clearly stated that the Tariff Board calculated on the cane grower getting a price of round about 8 annas a maund. The Sugar Technologist has made certain calculations and according to him the price which the cane grower should obtain is 8 annas 4 pies under present conditions. It has been stated by my friends from Bihar that the cane grower has been getting a very much lesser price and our experience in the United Provinces is pretty much the same. We have made extensive inquiries and we find that in the Gorakhpur district the average price obtained by the cane grower is 4 to 5 annas. That is the net price obtained by the cane grower. The cane growers think differently but according to our inquiries the price obtained by the cane grower for delivery is 4 to 5 annas a maund. Conditions are much worse in the north of the United Provinces, in the Rohilkhand and the Meerut divisions. There are a number of factories operating there this year. There are at least six and the price paid has not averaged more than 3 to 3½ annas for delivery at the factory gate and the whole of even that has not reached the grower. We have got some definite instances of that. The factories on the other hand have not been starving exactly. I have stated the present position. What we are going to do for the future is another matter. It will be discussed under the next item. We in the United Provinces are most strongly of the opinion that something has to be done to protect the grower.

Mr. Ajodhya Das : In my opinion the sugar conference has not been convened too early. The object of giving protection to the sugar industry was a two fold one, in order to give the industry a good start and in order to beat the competition of Java sugar. In this connection I should like to contradict those who say that the consumer is not concerned. As a matter of fact, the consumer has to pay twice as much for a lb. of sugar, as he would have paid, had there been no duty. The idea of giving the protection was that the cultivator may get a fair return. It was recommended by the Tariff Board that the fair selling price of Indian sugar during the period of protection should be Rs. 8 or 9 per maund and cane price 7 annas to 8 annas and they recommended a high protective duty. I am speaking subject to correction. This seems to me to be the initial mistake. As a matter of fact before 1932 when the Sugar Protection Bill was passed and after 1932 the selling price has been Rs. 10 and Rs. 9 and the cane price only 4 annas to 5 annas. Thus the manufacturers have got the greater benefit due to the fact of high rate of selling price, on account of the high duty and low rate of cane purchasing price. Everybody thought that sugar will sell cheaper, the result has been that sugar is selling dearer, with the result that the profit has gone entirely to the manufacturers and not to the cultivators. That is the point

I wish to bring out. If the manufacturers had paid the cultivator what the Tariff Board calculated, something like 7 or 8 annas it would have been a fair thing. These two points have to be considered. While the selling price of sugar has been higher than what the Tariff Board has recommended, the market price given to the cultivator has been lower than what the Tariff Board recommended. These factors added together have had the effect of giving considerable profit to the mill-owners. I am speaking only from the experience derived from Gorakhpur and its neighbouring districts. My friend Dr. Narang would know that his factory known as the Punjab sugar factory has made a profit during the last three years ranging, I would say between 50 to 30 per cent., with the result that two or more factories have been started. This is how the manufacturers have profited and the price for the cultivator has gone down from 6 to 5 annas. Sir, you were in the Assembly when this Bill was put forward. On the 16th February 1932 I invited the attention of Sir George Rainy to the fact that the condition of the cultivators was bad and urged that while giving protection to the capitalist something should be done to help the cultivators. The reply given by the Honourable Member at that time was this ' As I have already explained we do attach importance to that aspect of the question and we are quite prepared to consider measures which are likely to prove satisfactory to meet the object which he has in view'. He assured us at that time that it will rest with the local Governments to devise rules and that they would try to equalise matters in this respect. This view is also endorsed by Sir Malcolm Hailey, the Governor of the United Provinces, when he made a speech at the opening of the sugar factory in Bareilly and I will invite your attention for a few seconds to what he then said. He said ' Protection was given not merely in order to promote an Indian industry but in the hope that it would secure to the cultivator a better price for his cane than he would get either by converting it into *gur* or selling it for conversion by the indigenous process. It was thought that this would offer an inducement to the cultivator to increase the area under sugarcane cultivation and that he would recoup himself for his expenses in connection with the expansion of the canal system.' Then Sir Malcolm Hailey refers to other points to which I would not invite your attention at present. This matter was brought up in the United Provinces Council on the 15th February 1933, for fixing the price of cane. On that occasion the Honourable Mr. Blunt, the Finance Member, concluded by saying ' We have this question under consideration and we are not going to lose any time in finding a solution.' The United Provinces Government in the Industries Department issued a circular proposing draft rules. Then I would invite the attention of the Conference to what the Tariff Board say on page 39. They say ' Although we have found that the sugar industry substantially fulfils the conditions laid down by the Fiscal Commission we desire to emphasise that the strongest argument for protection is that based upon the national importance of promoting the cultivation of the sugarcane. The claims of protection from the industrial point of view have been discussed already. That is the most important aspect from which it should be seen. As far as item No. 2 is concerned, I have already submitted that I quite agree with every word which the Hon'ble Minister for the United Provinces has said, namely, that the distribution of profits is not fair. The distribution of profits so far is entirely on the side of the manufacturer. Your factories are mostly

based upon the advantages of protection and it is but fair that the protection benefit should be divided between the producers and the manufacturers. Then, Sir, in the United Provinces, at least in my part of the district, we find that the production of cane is more than is needed by these factories. I would like to congratulate my Hon'ble friend Mr. Srivastava on the table which has been so elaborately prepared for he must have spent several months to prepare it and it should be of great help in the future. In this table it is mentioned that the quantity of cane grown is about twice as much as is required by the present factories. It is not because the cultivator makes much benefit but because of the present depression in the market that this crop does not pay. It is only in the case of this crop that the cultivator is able to make a profit of one anna per maund and he gets ready money, whereas other crops like wheat, paddy, etc., do not pay even this much. It is upon this profit in the United Provinces that the whole of the payment of the rent depends. It is out of the profits from this crop that the marriage expenses are incurred. It is not because the yield is anything very much greater but because it is the only crop which pays the minimum profit from which he is able to meet his daily requirements. Therefore, I submit that so far as the answer to item No. 2 is concerned, I submit that the distribution of profit is not fair and that it is entirely or mostly in favour of the manufacturers.

Lala Padampat Sahib: One has to go beneath the surface to find out whether the consumer is suffering, while the sugarcane growers and manufacturers are prospering. In this connection, I would like to touch one point to show the increasing difficulty experienced by sugar factories and refineries. The price for sugar they obtained in 1932-33, was one rupee per maund less than what they had got in 1931-32. Then there is the formidable difficulty in the disposal of molasses produced by them. The production of molasses has increased, making it very hard to find out ways with regard to its disposal, and also its prices have come down since the granting of protection. The molasses which used to sell at that time between Rs. 1-4-0 and Rs. 1-8-0 per maund are now available for a nominal price. It is, therefore, a direct loss to the consumer to that extent. This loss has also to be sustained by the cane growers as well as by the manufacturers. On this question I had the honour to move a resolution at the last annual meeting of the Federation of Indian Chambers of Commerce and Industry. The resolution which explains the whole position reads thus :—

"This Federation invites the attention of the Government of India to the great handicap felt by the sugar industry owing to the increasing difficulty experienced by sugar factories and refineries in the disposal of molasses produced by them.

This Federation suggests that the Government of India should give full encouragement and assistance to the sugar industry for production of power alcohol especially admixtures of alcohol with petrol as a fuel for internal combustion engines. In particular the Federation suggests that measure should be adopted by Government in order to override difficulties of a more or less technical character (examples the existing denaturing rules) are relating to revenues (example, revenues derived by the Central Government from petrol or Provincial Governments from country liquor).

The Federation recommends to Government that the import duty on rectified spirits on molasses and on (rab) be increased to such an extent as would ensure adequate protection to subsidiary industries depending on the sugar industry in India from foreign competition."

While speaking on the resolution, I had occasion to suggest ways of solving the problem. I suggested that the import duty on molasses should be increased in finding uses for alcohol. Owing to the increased production of sugar in India, which also means the increased production of molasses, its developments will certainly suffer unless steps are taken to dispose of the latter. The problem has assumed a grave turn since the Khandsaries also produce large quantity of molasses. Therefore, the Government of India have to give encouragement for the production of power alcohol. If this can be arranged, the Indian sugar manufacturers would give this benefit of at least 20 per cent. of the price of sugar to the consumers. Therefore, it is not fair to show hat the manufacturer is unduly benefited in view of the technical difficulties facing them. In spite of the depression in Java, the industry there is better than when compared with that in India. The total amount of cane harvested in 1931 in Java was 2,61,00,114 (Two Crores sixty-one lakhs one hundred and fourteen) tons and the average tonnage of cane amounted to 52·7 tons per acre. As regards the growers of sugarcane, it may be pointed out that when Java is trying to produce 10 Tons of sugar per acre, India finds it still harder to produce more than 13 Tons of cane per acre. It also deserves mentioning in this connection that supposing India's production of sugar by the manufacturers will come up as forecast by Mr. Srivastava to (Lakhs) 6,40,000 tons by modern factories, which will be roughly equal to (Crore) 1,75,84,120 maunds and taking a round profit, which at present times may be estimated to come to about Rs. 2 a maund, the sugar industrialist can make a profit of say (Crores) Rs. 3,51,68,240, but this rosy picture can be enjoyed only in 1936. The Government will get a direct income of about ¼th of the above figure by way of income-tax. This means that the Government will be benefited to a great extent through the sugar factories. This also helps indirectly to encourage the Government revenues and will obviate the necessity of imposing fresh taxes upon the general public or the consumer. Besides this, the manufacturers who will be enabled to realize big profits may not think seriously to this incidence of taxation to which they will be subjected. As regards the cane growers, my experience has convinced me that there is rampant competition in all the areas where factories are located and for the suitable variety of cane, the income to the cane sellers is no less than annas 5 a maund. The Khandsari's case stands on a different footing. They are able to obtain cheaper cane to be turned to sugar by hand process which contains 10 to 15 per cent. of the impurities. The rate at which the cane is bought by the Khandsari is between annas 2 to annas 3 a maund. The technical point underlying this is also to be seen. The manufacture of sugar by the indigenous populace is entailing loss to the cane growers, as this process does not yield more than 5 to 6 per cent. sugar and the sugar thus produced has been sold this year between Rs. 5-8-0 and Rs. 7-8-0 per maund, while the high quality molasses produced thereby are getting practically no value. The Sugar Technologist has pointed out that the production of

Khandsari sugar will come to 33 per cent. which in other words means loss to the growers as well as to the consumers to that extent.

Mr. P. B. Advani : Sir, conditions in Bombay are rather different from those prevailing in the United Provinces and Bihar and Orissa. In our presidency the factories are established on the basis that they must grow their own cane ; they cannot easily buy cane. We have at the present time only one factory which has been working for a considerable number of years. It has got its own estate and it grows its own cane. So that, so far as Bombay is concerned, the question of unfair distribution of benefit of protection as between the factory and the cane grower does not arise. It is true there are about 100,000 acres of cane, but they are distributed and a factory cannot easily get its cane from the farmer. Therefore, if a factory is to be established, it must have its own estate and the present factory acquired its estate with the help of Government some 20 years ago. At the present time, the Government of Bombay are considering as to what facilities they should give to the capitalists to enable them to obtain suitable lands on lease so that they might be able to start factories. We are going to have about 5 more factories and they will all have their own land. They will all grow their own cane, so that this question of unfair distribution of benefit of protection does not arise in Bombay. But it might be said that the factory in existence at present in the Bombay Presidency is making too much profit under the protection as against the consumer. Even here, so far as the present factory is concerned, although last year it did make profit considerably in excess of that laid down by the Tariff Board as fair and reasonable, considerable part of that profit is largely due to the factory's own efforts because, as I was saying, the company grows its own cane, its yield is now some 37 tons per acre and the percentage of recovery is over 11 per cent., which is the highest figure in the whole of India. Also, the company has been able to manufacture sugar of a very superior kind, and, therefore, they are able to obtain for their sugar prices which are higher than the prices for the Java sugar by, I believe, Re. 1 to Rs. 2 per cwt. As regards the consumer, owing to the internal competition, the prices of sugar are bound to go down, and if we take a long view I do not think that the consumer will do badly. The Bombay Government is very greatly interested in the sugar industry. The Government of Bombay have invested between 9 and 10 crores of rupees on irrigation in the Deccan and every committee and conference that has sat on this subject has held that unless white sugar industry is established in the Deccan, it will be very difficult to make those canals financially successful. Therefore, the Government of Bombay have been very anxious to see that the factories should be established. One factory has already been in existence and about 5 more factories are going to be established. We want many more factories despite this morning's resolution on subject No. 1 with which I do not agree. Therefore, we would be averse to doing anything which would make the establishment of sugar factories in the Deccan any the less attractive proposition than is the case at the present time.

Mr. J. M. Lownie : I should just like to say a few words on behalf of certain sugar manufacturers of the United Provinces. I would refer to the

Honourable Mr. Srivastava's remarks in which he said that the average price of cane paid in certain districts of the United Provinces was 3 as. to 4 as. per maund. I would refer the Conference to page 4 of Mr. R. C. Srivastava's note in which it would be seen that two factories in Gorakhpur district were paying Re. 0-6-4 and Re. 0-6-2 respectively for cane, including cartage. I also wish to thank Mr. Prior and Colonel Lees for their remarks as regards the price paid by Bihar and Orissa factories to cane growers.

Chairman : We have finished discussion on item 2. Although we have not had the benefit of the opinion of the Conference being expressed in the form of a resolution, Honourable Members of the Conference will be pleased to know that a good report is being kept of the views they express and the views they hold, and therefore, if in future, any one desires to do a little research work, it will not be difficult for him to know what resolution the Conference would have passed on this item. We proceed to-morrow to item 3 at 10-30 A.M. if it would suit Honourable Members.

The Conference then adjourned till 10-30 A.M. on ~~Thursday~~ Tuesday, the 11th July 1933.

PROCEEDINGS.

Second Day.

The Conference met at 10-30 A.M. on Tuesday, the 11th July 1933, with the Hon'ble Khan Bahadur Mian Sir Fazl-i-Husain in the Chair.

Chairman : Gentlemen, we will now proceed to item No. 3 on the agenda. The main points in items 3 and 4 are, the sound development of sugarcane cultivation and of the sugarcane manufacturing industry. Item No. 3 deals with the desirability of regulating the relationship between sugarcane growers and sugar manufacturers, and then different ways are indicated, *viz.*, zoning, licensing of factories, fixation of cane prices or otherwise. It is obvious that any attempt at intervening must involve legislation of some kind or other. I understand the position to be this. So far as factories go, a man can establish a factory where he likes, when he likes and buy cane for it wherefrom he likes and pay what price he likes. Similarly the sugarcane producer can bring under sugarcane such area as he likes, give up producing sugarcane if he likes and sell it at whatever price he can get. That is what you might call on both sides the policy of *laissez faire*, and things are left to adjust themselves. That is the present position. In the interesting discussion that we had yesterday in the morning as well as in the afternoon, views were expressed by a large number of speakers to the effect that possibly a state has been reached when local Governments, which means the local legislatures, should intervene, and try to control one or the other or perhaps both ; while views were also expressed to the effect that it is unwise to intervene in the interplay of economic forces in this matter, that it is best to leave things alone, that things will adjust themselves in course of time and that Government should not intervene. To those who hold that view item No. 3 naturally presents no difficulty, their view being that as things will adjust themselves no action and therefore no legislation is called for. Those who hold that some action is called for have to face a further difficulty. What should be the legislation and to what extent should the legislation go ? I think it would be best in the circumstances for us to know what the position is in the different provinces with respect to this matter, which provinces are for leaving things alone as they are and which provinces feel the need for taking some action although they may not feel quite sure exactly what action should be taken. If you think we should find out this views of the different local Governments in this matter, we will proceed to do so.

Mr. P. B. Advani : We are expecting our Honourable Minister to be able to attend a little later this morning, and with your permission we should prefer to make our remarks later.

The Honourable Mr. J. P. Srivastava : Sir, the position in the United Provinces is what I described yesterday. A large number of factories have been started in the province and most of them are making very good profits. As we understand it, the main object of the tariff was to enable the cultivator of sugarcane to get a suitable price for his cane at the same time as the sugar factories make a profit for themselves. We have found out that in some cases sugar factories are giving a very low price for the cane. I gave some figures yesterday, but I should not be taken to mean that all sugar factories

are giving an absurd price. There are some honourable exceptions, but we have got to get at those who are taking an undue advantage of the cultivator. There is no doubt in our mind that some sort of legislation is necessary. We are not quite decided yet as to what line this should take, but after a good deal of discussion we have come to the conclusion that we have to zone the sugar factories and at the same time to fix a minimum price. We have not taken any action yet because we wanted to hear the views of this Conference composed as it is of representatives from the different parts of the country.

Of course the defects of zoning are well known and we shall hear a great deal about them. There are two sides to every question, but on the whole we think that zoning would be an advantage alike to the cultivator and to the factory. Along with zoning we suggest that there should be a minimum price which may be arrived at with the help of a suitable formula,—the exact formula is a matter for discussion—and there should also be a system of licensed contractors. We know that unless the sugar factories purchase their cane direct from the grower or from licensed contractors there would be great opportunities for evasion in the matter of payment of the minimum price. There are numerous factories even to-day which pay a fair price, but this price does not reach the cultivator. The middleman who is a parasite gets a big share out of it. If we therefore have a system of licensed contractors we would perhaps get over this difficulty. We further suggest that co-operative societies should be encouraged. We have tried this experiment in the United Provinces but so far, in the absence of zoning, the co-operative societies have not succeeded. The factories can buy their cane from wherever they like and they usually do not want to go to the co-operative societies to whom they have to pay a fair price. We realise that the fixation of a minimum price is a complicated matter and lends itself to abuse. We therefore suggest that we should not prescribe a fair price for all factories, but apply it by notification to particular factories where gross abuse is found to be taking place. The law would act as a deterrent and other factories will not indulge in that abuse. The whole matter, of course, requires careful consideration and we have put down our ideas in a memoradum copies of which are available here for the members of this Conference. We have also drawn up a draft bill covering these points. This bill is attached to this memorandum. It is still in a crude state, numerous points have yet got to be discussed, but it gives some idea of the lines on which legislation has to proceed. We have not prescribed in this bill any penalties. That is still a matter for discussion, and it is a difficult matter too. I hope after we know the views of the different sections of this Conference we would be able to give a final shape to this bill. I would welcome any assistance which the Conference can give us.

Chairman: At this stage what I should like is not a discussion of the provisions of legislation but just an expression of the provincial views whether they contemplate legislation in their provinces or not, so that after ascertaining this we may see to what extent the provinces are thinking of legislation and to what extent not. May I have the views of Bihar now ?

Rao Bahadur Narasimha Raju Garu: Are we discussing items 3 and 4 together ? Are we not discussing item no. 4 while we are discussing item no. 3 ?

Chairman: Not exactly. As has been rightly pointed out, it comes within item no. 4 as well, and that was why I invited your attention both to items 3 and 4 when I opened the discussion. If you do not mind I should like to proceed to ascertain the views from the provinces and then take up individual items for discussion under item no. 3.

Mr. H. C. Prior: The view of my Government is that any legislation for zoning, licensing of factories, or fixation of cane prices is impracticable and will go against the interests both of the cane growers and of the development of the industry. With your permission, Sir, may I state the conditions in Bihar which have led Government to come to those views ?

Chairman: Not necessary at this stage. In Mysore I understand the problem has not yet arisen.

Mr. S. P. Rajagopalachari No, Sir. On the other hand, we have been very carefully considering this matter and have come to certain definite and provisional conclusions, and I should be glad to be given an opportunity of placing them before this Conference.

Chairman: Just the conclusions reached by you, not a full discussion.

Mr. S. P. Rajagopalachari: I am generally brief, and I shall attempt to be very brief on this occasion. We have come to the conclusion that it is desirable for the sound development of sugar industry that steps should be taken to regulate the growth of the industry as well as to put the relations between the sugarcane growers and the sugar manufacturers on a fair basis. Our reasons for this view are threefold and I will very briefly refer to them.

In the first place, the freedom to start factories at any place as the manufacturer likes is likely to lead to overlapping and overcrowding. The result of such overcrowding will be very keen competition among the factory owners for sugarcane, and we think that it will lead to disastrous results to the whole industry. In the second place, we consider that some kind of regulation is necessary to protect the cane grower and ensure for him a fair price for the sugar cane grown by him. If left alone to the free play of supply and demand, the cane grower, who is generally the weaker party, will not be in a position to assert himself. There is one other important circumstance in connection with sugarcane which does not exist in the case of other agricultural products. In the case of the latter, the producer can afford to wait and choose the time or place for selling his output, while the cane grower on the other hand must dispose of his stock within 24 hours I understand, from the time it is harvested, and he is therefore in a much less advantageous position than the producer of other agricultural products. The third reason is that in the case of a new industry which is working with the help afforded by a protective tariff, it is desirable to see that the foundations are laid properly so that the structure can withstand attacks from other parts of the world after protection is withdrawn. There are, of course, other reasons. I have merely mentioned the main important reasons which have made us come to the provisional conclusion that it is desirable that steps should be taken to regulate the growth of the industry.

My Government also consider (of course provisionally) that it is practicable to evolve a proper scheme for this purpose. I am now referring to the second part of the item—whether it is practicable. Out of the various methods suggested in the course of the discussions in the Sugar Committee's report, in the Tariff Board's report and subsequent discussions in the Sub-Committee, we consider that a system of licensing of factories is best suited for achieving the objects in view. This will involve, no doubt, some amount of voluntary zoning, because if the location of the factory is rightly settled with reference to the area from which it can get its supply of cane, the relations of the buyer and the seller would tend to become more or less permanent. The licensing of factories also involves the fixation of some minimum price for sugarcane. The price may be fixed with reference to the sugar content of the different kinds of sugarcane and the price which sugar fetches, the actual fixation being left to a special committee appointed for the purpose. So, the main idea we would suggest for the consideration of this Conference is that the starting of new factories should be licensed by the Local Governments concerned. We quite understand, as you just now mentioned, that this involves legislation. The idea of licensing of factories by means of legislation, I would submit to this Conference, is not unknown to our existing laws. I think there is a provision in all our municipal acts including those in British India for licensing of factories in overcrowded localities and also in connection with certain trades. This kind of licensing is, of course, based on sanitary needs of the cities, but I am merely mentioning it to show that this analogy might be helpful in realising that the restrictive measures that we are proposing are not after all very extraordinary. With a view to have very clear ideas on the subject we have embodied our provisional conclusions in the form of a bill.* I have printed copies of them which I shall be glad to give to any Honourable Members who may desire to see them. I am not going into the provisions of the bill, but there is no use talking of general ideas in these matters unless we are sure we can implement them in the form of a legislative measure. We propose to invite public opinion on the provisions of this Bill within the State, and I thought that the members of this Conference would not be uninterested to hear of an effort in the direction of legislation for this purpose.

Mr. Ghulam Ali Mohammadi: We have not yet constructed any factories for the manufacture of sugar in the Hyderabad State, but we realise that the manufacture of white sugar should not be carried on in such a way as to produce an over supply. The Hyderabad State has practically the same view on the subject of the control of the manufacture of white sugar as has been expressed by the Honourable Member from the Mysore State.

The Honourable Dr. Gokal Chand Narang: I am afraid I do not share the views expressed by the Honourable Minister from the United Provinces. I have not seen his Bill and I have not had the time to go through his memorandum and it is therefore really very difficult to express an opinion. My opinion is that we should not interfere either with the cane grower or the sugar manufacturer at least for some time more because at the present moment we have not got sufficient data. I am not sure that we have got figures for the last five or six years of all the factories regarding the prices that they have been paying, regarding the difficulties they have been experiencing in securing

*Appendix IV.

an adequate supply of cane. We do not know how much cane we have been getting, how much of good quality and how much of bad quality. We do not even possess adequate information regarding their internal financial condition. I think before we express any opinion on this subject we should have the balance sheets of all the mills in order to be able to judge. So far as the Punjab is concerned, let me tell you frankly that the question has not been considered by the Punjab Government as a whole and we are here expressing only our own individual opinions. What I say here will not bind the Punjab Government, nor what Sirdar Sahib may say, unless he has got some authority of which I am not aware. The problem in the Punjab has not yet assumed a practical shape.

Chairman : You do not think that legislation at this stage is needed ?

The Honourable Dr. Gokal Chand Narang : It is absolutely unnecessary.

The Honourable Sardar Jogendra Singh : As my Honourable colleague has said, the Punjab Government have not considered the question, and if I express any opinion it is my own personal opinion in this matter. Punjab has only one factory at Sonepat and two are under construction, but taking into consideration the fact that the supply of cane is much larger than what these factories can consume, it is necessary to safeguard the interest of the cane grower and though it may not be immediately necessary to introduce legislation, in order to protect the cane grower, it is my firm conviction that it shall be necessary to take steps on the same lines as the United Provinces Government propose to take.

Dr. G. P. Hector : Our opinion is much the same as the Punjab. Our view is that legislation is not necessary. We have no factories at work and we have not the necessary experience. All that we are anxious about is that nothing should be said or done at this stage of the industry to frighten away capital.

The Honourable Diwan Bahadur Kumaraswami Reddiyar : So far as we are concerned we have at present no intention of introducing legislation in the local legislature. We do not think the need for it has arisen.

Mr. V. V. Gadgil : The Bombay Government have not so far considered, nor have they under contemplation any Bill for fixing of prices or zoning or licensing. They have however been considering the question of making it easy for prospective factory owners to get a supply of cane and they consider that factories must have their own land on which they can grow their own cane, and in this connection they have under consideration legislation enabling the factory owners if necessary to obtain the necessary land by some measure of compulsion.

Chairman : I am very grateful to the conference for listening to the views expressed by the various Ministers and representatives of the States. The result is this. Bombay in view of their peculiar system will require legislation to secure the requisite leases for cane growing. United Provinces contemplates legislation. Bihar thinks no legislation is necessary. Mysore and Hyderabad feel the same—that the problem is such that legislation is necessary

sooner or later. In Bengal, Punjab and Madras, the occasion for arriving at a decision has not arisen. Therefore, the main problem included in item no. 3 concerns United Provinces alone and it is acute there. It is actue in Bihar but they do not contemplate curing it by legislation. acute

Rao Bahadur Narasimha Raju Garu : The opinion of the United Provinces is only that of its present Government. When another party comes into power it may have its own programme. All we can say is that such and such is the view of the present Government or the Ministry of such and such a province.

Chairman : We can only deal with the present and take things as they are. The problem now is whether in the matter of legislation as indicated by provinces we should proceed to discuss whether the policy which the official representatives of the provinces are pursuing is a sound policy or not. To my mind that leads to a controversy which can hardly help the conference in arriving at any useful conclusion. I have no doubt that Governments in the provinces being responsible in these two matters of agriculture as well as industry, the opinions such as those that exist will have an opportunity of finding expression in their respective provinces. What I want now the Conference to consider is to what extent we can discuss item no. 3. Do you want to discuss this question further or would you like to have a small committee.

The Honourable Dr. Gokal Chand Narang : How does it arise ?

Chairman : It arises in this way. Here is the United Provinces which has a larger number of factories than the rest of India. They have studied the question. They have taken pains and the question is whether the conference would help them with their advice and suggestion through the agency of a committee, if need be. Is there any objection to that ?

The Honourable Dr. Gokal Chand Narang : Only the United Provinces is concerned and it is a purely provincial question. It can not be expected that every member here would be conversant with the state of things in all the provinces. The problem in a particular province can only be tackled by the representatives of that province. It is clear from what you said just now that the only province which has in contemplation any legislation on this subject is the province of my friend Mr. Srivastava.

It is their home problem. Let them go home and quietly stay there and consult people who are actually in business. The representatives of the cane growers and the representatives of the sugar manufacturers and your Council of Agricultural Research can lend them experts on any question requiring expert opinion. I do not think it is necessary that this conference should continue any longer. The business of the conference in my humble opinion is finished. If there is any question of their taking the advice, it is always open to them to take the advice of the Government or consult Governments of other provinces as is sometimes done. I do not think that we should now interfere with their affairs or thrust our advice upon them in any way. Gratuitous advice is not always valued. Besides, every representative here cannot be expected to be fully conversant with the affairs of other provinces

and I do not think any useful purpose will be served by prolonging this conference any further or by appointing any sub-committee of this conference to go into the question. I may tell you that they will have many political repercussions and all sorts of vague suspicions and fears will be entertained in various quarters. It will be, comparatively speaking, a hole-and-corner business. I do not know what the constitution of that sub-committee would be : whether it would be elected by this conference ; how many members there would be or whether every interest would be satisfied on the ground that it has got sufficient representation. The best thing really is not to enter into any such difficult question and let things alone. Let the United Provinces take care of themselves as they are well able to do under the guidance of their able Ministers. This is my submission.

Rao Bahadur Narasimha Raju Garu : Sir, yesterday this Conference adopted a resolution that no resolutions should be passed by this Conference. The appointment of a sub-committee means the passing of a resolution and therefore the appointment of the Committee is beyond the powers of this Conference.

Chairman : There were two questions before the Conference ; (1) whether we should appoint a sub-committee and (2) whether we should pursue the discussion of item 3. The view expressed by the Honourable the Minister for Industries, Punjab, is that neither should be done. The point has been raised that we do not want to pursue the discussion because the appointment of a sub-committee will be a step towards further discussion when the sub-committee has reported to us. Therefore, for the time being, the question of the appointment of the sub-committee will be left alone. The point before the Conference now is whether they want to conclude the proceedings or they think that item no. 3 should be further discussed.

The Honourable Mr. A. H. Lloyd : I should like to hear the views of Mr. Prior before the proceedings of the conference come to an end.

Chairman : I am prepared to treat the question favourably of Mr. Prior supplementing his speech and Colonel Lees can also say what he likes to say. Meantime, I have to take the sense of the conference as to what their wish is in the matter of the proceedings of the conference. Should we discuss item no. 3 or not ?

The Honourable Diwan Bahadur Kumaraswami Reddiyar : We have other proposals to make in addition to local legislation. I think that on other points discussion will be useful and we would like to pursue the discussion.

Dr. F. P. Hector : It might be desirable to hear the opinions of other people further on this matter. We have come here more to learn than to impart knowledge.

The Honourable Sardar Sir Jogendra Singh : I agree with the views of the Madras representative.

A Hyderabad representative : My own opinion is that I do not favour any further discussion on this subject.

Mr. S. P. Rajagoplachari : We would like the discussion to be continued on this item.

Mr. H. C. Prior : If no discussion is to be permitted, then the views of my Government should not be published.

Chairman : I have already said that so far as that point is concerned, you will be requested to complete your statement.

The Honourable Mr. J. P. Srivastava : We think that it would be better to have the sub-committee.

Mr. P. B. Advani : We think discussion will be useful.

Chairman : In view of the opinions expressed by various representatives, I think Dr. Narang will not press his view that the discussion should not continue.

The Honourable Dr. Gokal Chand Narang : No, Sir. I think these gentlemen have come from a long distance and they are desirous to hear the views of other gentlemen.

Chairman : You do not imply that you want to conclude the discussion because you have come from here.

The Honourable Dr. Gokal Chand Narang : No, Sir.

Mr. H. C. Prior : Sir, the first factor that is important to remember as regards the cane situation in Bihar is that practically the whole supply of cane is purchased from small growers. The factories themselves do not own land as they do in Bombay. The amount of cane that the factories themselves are able to produce is something less than 50,000 tons out of a total of 1,885,000 tons. There is also a small number of large contractors such as Colonel Lees, who enter into long term contracts for the supply of cane grown by themselves to factories. The amount of such cane is, I am told, about another 50,000 tons. Therefore the majority of the total supply of cane grown is grown by small cultivators. Sugarcane is at present the most profitable crop for the ryot to grow and so long as it continues to be so the mills are likely to be able to obtain their raw material. But if the profit on the growth of sugarcane drops or if the cultivation of other crops becomes more profitable, the factory is going to be placed in great difficulties with regard to its cane supplies.

The Honourable Sardar Sir Jogendra Singh : You said that cane is a profitable crop. Could you give us the figures of the cost of production of cane and the price realised ?

Mr. H. C. Prior : It is almost impossible at present to state the cost of production of cane. By the help of the Imperial Council of Agricultural Research, we are making an investigation into it in Bihar, and we hope shortly that more accurate figures than are at present available will be available. But certain figures were collected by my Government in 1930, and these figures showed prices varying between As. 2/6 and As. 3/9 per maund of cane. Whether they are accurate or not, I cannot say. Therefore, the mill manager is not assured of a continuous supply of cane in future years and it is necessary for him to do his best to ensure for himself that continuous supply and the only method

by which he can do so is by fair dealing and co-operation with his ryots. We have had more than 10 years' experience of large scale cane manufacture in Bihar and we have found that those factories that are long established have for themselves realised the necessity of establishing the confidence of their ryots. That they have done so is perhaps evident from one feature in this year's history. Mills continued to crush cane in May. During May cane is less valuable than earlier in the season, and it may not pay the mills to pay the same price for cane in May as was possible earlier in the year. Yet the old established mills continued to pay during May the same price for cane as they paid earlier in the year; in order not to let down their regular suppliers. I think that as the sugarcane industry progresses, every factory which is established will come to learn what the old established factories have already learnt, namely, that the confidence of the sugarcane growers is essential to their continued success. Another factor which is important in North Bihar is that practically all the cane that is supplied to factories is supplied on an agreement. The factory in the previous year comes to an agreement with the ryot for the supply of the produce of a certain number of acres during the next year. The factory does not know exactly what that produce is going to be and this year the produce of those acres which were bonded increased beyond all expectations. The mills are anxious to have their supplies of cane assured and are ready to pay a reasonable price for it.

Then, Sir, there are in the item under discussion certain suggestions for legislation. I will deal first with the question of the fixing of the minimum price of cane. Colonel Lees, who is the representative of our sugarcane growers, will, I know, press for the fixation of a minimum price. He considers that it is necessary for a minimum price, however small, to be fixed so that the cultivator may be in the position of knowing what is the minimum that he can receive for his crop. That would put the cane cultivator in a better position than the cultivator of any other crop. But it may be argued that he should be in a better position because of the protection that has been afforded to him. But at present the prices that were paid during the last year in North Bihar have led my Government to consider that the fixation of any minimum price is not necessary. A fair price was generally paid for the cane and it seems likely that in North Bihar the ordinary rules of supply and demand will result in a fair price being paid in the future. My Government also consider it would be absolutely impracticable to enforce by legislation the payment of any such minimum price. The first reason is against whom is the minimum price to be enforced. A lot of cane is purchased from contractors. You can enforce the minimum price against the contractor but you cannot fix to the price to be paid by the cantractor to the ryot. The United Provinces Government have suggested the licensing of contrctors. This has not been considered by us, but since I heard the suggestion I have been trying to visualise the nature of a proceeding for the cancellation of a license, and it seems to me that it is likely to be somewhat in the nature of a section 100 proceeding with a large number of witnesses appearing on either side. Again, is the minimum price to be paid to the cultivator who sells his produce to a neighbour for making sugar in a centrifugal or for making *Gur*, or is it to be paid in the case of the khandsari? It will become very difficult to tell where the boundary is to be placed. Even if it could be enforced, it would

be difficult to say whether it should be enforced. The second difficulty is for what is the minimum price to be paid. Cane varies in quality. Dry cane is of little value. Cane cut and not crushed within 24 hours is of less value than fresh cane. Is the price to be fixed for the best cane or for dry cane or for long hauled cane ? If it is fixed on the basis of the best cane, then the cultivator at a distance is deprived of his market. In most cases this difficulty may not occur because the cane is bonded cane in which case I do not anticipate any difficulty in the payment of a fair price. It is only in unbonded cases which are likely to come from a distance that this difficulty will be experienced. But the greatest difficulty is how is the minimum price to be enforced. There are several ways in which a manufacturer can get round any rule. For instance, a lot of cane is grown in Bihar and Orissa on advance. It would be easy for any mill manager to say that interest on my advance is so much and the cane is to be sold for so much and the amount you will get is so much. That is only one instance. Anybody having experience can suggest fifty other ways of getting round the rule. If there is an excess of cane and a ryot has the alternative of selling his cane to a factory at a certain price less than the minimum or leaving it on the field having no other market, there is no doubt that that ryot will be prepared to take less than the minimum price. It will be to his interest to do so and in that case you will never get evidence against a mill which is paying less than the minimum price. It is only if there is co-operation of growers that you will be able to enforce minimum price, but if there is co-operation, then the need for minimum price itself will go.

The next suggestion is legislation for zoning. It must be admitted that any such system necessitates legislation requiring the licensing of factories and giving power to refuse or cancel license. It would necessitate a careful enquiry as to the size of the zone. The United Provinces Government have suggested a small Committee to fix the size of the zone. I anticipate that the fixing of the zone must be a matter for the Government alone, and it is a matter of extraordinary difficulty. If the Government is going to fix the size of the zone, it is then imposing on itself a very grave liability. The size of the zone may in the first instance be sufficient and just sufficient to meet the demands of one capitalist factory. But if that factory increases the supply of the cane in that zone, the ryot is at the mercy of the millowner. Here I am talking more of north Bihar than of the United Provinces. If the ryot does not sell to the factory, he has no other market because the *Gur* industry does not exist to any appreciable extent in North Bihar in the factory areas. If, on the other hand, owing to economic causes and more profitable cultivation of other crops the area under cultivation in the zone diminishes, it seems that Government has undertaken a serious responsibility in limiting the area from which a factory can draw its cane thereby making it impossible to pay a fair dividend. The factory cannot get its cane supply from the zone or from outside the zone and therefore it is impossible for it to keep working for a sufficient number of days. At present the number of factories in North Bihar is not excessive and there is just sufficient cane to meet all the demands of the factories, and I do not anticipate that any capitalist manufacturer in the present state of sugar industry would attempt to establish a factory in the neighbourhood of another factory when he is not sure of his supply of cane.

Two methods of zoning have been suggested. The first is suggested by the United Provinces Government in its memorandum and by this method an area is allotted to the factory and the factory is not allowed to buy cane from outside and the ryot is not allowed to sell cane to any other factory. In the United Provinces the situation appears to be different. There they have a well-established *Gur* industry and khandsaris. But in the factory area in North Bihar we have neither of these. If such a zoning system is established the ryot will have to sell his cane to a particular factory and if there was more cane than the factory can take, there will be competition between the ryots as to which of them is to be allowed to sell the cane. They will have to sell or leave it on the ground. At present there is a certain amount of competition between the factories and this enables the ryots to get rid of their cane. The ryots in Bihar and Orissa get 3 annas by exporting from Champaran to Sharan. Had there been the zoning system this would have not been possible. The United Provinces system, it is admitted, requires fixation of minimum price. The Bihar and Orissa Government considers that the enforcement of minimum price is impossible. They, therefore, consider if a zoning system on these lines is adopted the ryot would be sacrificing the competition which he at present obtains and would be given in its place a statutory right to a minimum price which would be impossible to enforce. The second system I have heard suggested is a system of overlapping zone. A factory is given a monopoly of a certain small area round the factory, but not a sufficient area to meet its requirements. No other factory is allowed to be established in that area but the ryots in that area can sell their cane to the factory or elsewhere. A minimum price would be fixed, and the ryot would, therefore, have the protection of the minimum price and also of the competition of neighbouring factories. The supporters of this view suggest that the factory would be able to employ further capital on its monopolistic area, to irrigate it and to increase the yield per acre of cane and consequently to reduce the price of manufacture of sugar. But it seems to me that some factories in North Bihar have held for ten years such a monopoly and they did nothing to increase the yield per acre of cane. I admit that at that time they did not have protection and therefore they were not so sure of their market as they are now. The opponents of this scheme say that the protection given to the ryots in the matter of getting a fair price for the cane is not sufficient and that the interference with the ordinary economic laws is unjustified. I would again stress the difference that appears to exist between Bihar and Orissa and United Provinces. In the United Provinces there is the *Gur* industry existing in areas in which white sugar factory exists and also the khandsari industry exists. In Bihar and Orissa this is not the case. White sugar factories mostly exist in North Bihar and they take practically the whole output of cane in North Bihar and the ryot has given up to a large extent the manufacture of *Gur* except in areas where there are no factories and he has no other outlet for his cane except the white sugar factory.

Colonel C. G. Lees : May I correct Mr. Prior's statement as regards the planters ? We act as agents. We make no contract with the grower, but act as agents and get commission. I agree with Mr. Prior as regards zoning which is neither necessary nor practical in North Bihar at present. As to licensing of factories, I think it should be made compulsory and for this reason

that some factories are undercapitalised and some surety should be obtained from them to show that they are in a position to pay the growers for their cane. The value of cane purchased by an ordinary sized mill daily is about Rs. 5,000 and if the sugar market is sticky in the beginning of the season, and sugar unable to be sold, the total payment due to the ryot may amount to several lakhs of rupees unless funds are available. This, if it is not paid out, will be a serious hardship to the grower, and it is for that reason that I think that the factories should be licensed, mainly to show their stability in the financial way.

As regards fixation of cane prices I do not think a standard price of cane should be fixed but I do maintain that a minimum rate should be fixed below which the mills should not purchase. As to the minimum rate I maintain that 5½ annas is too high if sugar goes down to Rs. 7-8-0 and I think the unbounded grower would be content with 4½ annas if he can make certain of really getting it. I would suggest to the mills that they should be very careful in their selection of contractors. There is no doubt that contractors of a dubious character, well known to the inhabitants of the districts as being such, were employed by the new mills to contract their cane. There is no doubt that various malpractices took place and I do not think the contractors are entirely to blame. Some of the mill people are in league with the contractors and share the benefits of these malpractices. The only solution is for the mills to employ contractors of standing and see that they pay the ryots properly. It is an easy thing to do. Sufficient superintendence ought to be forthcoming so that officials of high standing in the mill should visit the various villages and areas from which these mills draw their cane. As regards the minimum rate of 4½ annas this in my opinion after the coming year will never be necessary at all. I think the ryots up our way are dead sick of cane and unless they get a higher rate than 4½ annas all round they will very largely drop cultivation. As a matter of fact outside a small area cane was not grown at all until Begg Sutherland started manufacturing. Then it was with the greatest difficulty that they got cane cultivation to start. That was in 1905. The planters were asked to encourage it, but could not do much.

The rate then offered to us was 4½ annas delivered at the nearest railway station. The mill paid the railway freight and they also paid us a commission. But the ryots did not want to grow cane.

I maintain that there would be no hardship to any mill, even if the price of sugar went down to Rs. 7-8-0, in paying a minimum of Re. 0-4-6. To illustrate this I would mention that I had a ten years' contract from 1914-25 with Messrs. Begg Sutherland & Co., to supply both my own cane and my ryot's cane at Re. 0-4-6 minimum delivered at my local station which is 40 miles from the factory. I would point out that Begg Sutherland's contractors are really agents and are under bond to pay the ryot the full price and may not bargain with the grower under a heavy penalty. Their contracts are on a sliding scale, that is to say, they fix a minimum rate below which the price of cane will not go whatever may be the price of the sugar. This contract was, as I said, for a minimum of Re. 0-4-6 per maund and must have cost the factory somewhere in the neighbourhood of Re. 0-5-6 landed at the mill and in addition there was the commission of 9 pies due to me as agent, making approximately Re. 0-6-3 as

gross cost. At this time the extraction was only just 7 per cent. so that it took some 15 maunds of cane for one maund of sugar as against 11 maunds at the present time. This contract price was simply the minimum and increased as the price of sugar rose, until in 1920-22 we were receiving 11 annas a maund. The price of sugar went up to Rs. 22 a maund owing to the war and we were getting half an anna per rupee on the price of the sugar. We still have the same arrangement. We are now paid Re. 0-5-6 at any railway station or at the mill gate, and we get that until the price of sugar goes above Rs. 9-8-0. Beyond that it is 6 annas. If it went up to Rs. 12 we should be getting 6½ annas. In these contracts it is not a fixed price for the cane; it is simply a standard minimum rate. I cannot see why any honest mill whether European or Indian, should not take a long view of the matter and so make sure of keeping their clientele among the ryots. They must give the ryots some surety that they will get a paying minimum. And I think that can be done.

I do not think any legislation is necessary except, as I said, about licensing of factories and licensing of contractors. They should be licensed in much the same way as in the old days with coolie Sirdars for labour in the tea garden. These Sirdars were licensed by the local authorities. They were licensed yearly and any misdemeanour on their part was heavily punished with fines or by cancellation of their licenses. If any factory found that one of its contractors was not paying the ryots the full amount and was thereby making an illegal gain, it could report the matter to the local authority. The ryots will also get together and complain. At present every man's idea is to get his cane to the mill as early as possible. As I said yesterday, I do not blame the mills for taking advantage of this opportunity. It is a business proposition but I do maintain that they should not be in a position to do so.

I am of opinion that all contractors should be licensed and I cannot see any difficulty in doing so. The mills would choose their contractors and send them to the local authorities to have their licenses issued after due inquiry as to their probity and position.

Another malpractice is incorrect weighing. This is a thing which the ryots grumble about and I think it is most important. But how it is going to be stopped I cannot say. It is no use weighing the empty carts again. The cartman is very often not the owner of the cane. The owner often never turns up. He probably sends 22 maunds and finds 18 maunds in his receipt, but there is no redress. This is a thing which has to be looked into and stopped. At Railway stations even under the best supervision this happens. The clerk cuts the weight per cart and at the end of the day gets 40 maunds in excess. He puts this through under some fictitious names and makes Rs. 13 or 14 out of it. It is not the fault of the mill and it is only supervision which can check it, and supervision by really responsible people.

Mr. J. M. Lownie: Although I am here as a representative of the United Provinces sugar manufacturers, my firm are the managing agents of a number of sugar factories in Bihar. I pointed out yesterday the crowded nature of the locations of sugar factories in the Gorakhpur district of the United Provinces and because of that fact I wish to support the Honourable Mr. Srivastava's proposal for zoning factories in the United Provinces. About Bihar I am not

quite so definite as to the need for zoning although in one district of Bihar, Saran, the factories again are situated too closely.

I should like to make a few remarks on what Mr. Prior has said regarding North Bihar. He mentioned that the ryot had no other outlet for his cane than the white sugar industry, but it is a fact that a very large quantity of *Gur* was manufactured and exported from certain stations in the Champaran district last season, the quantity being estimated at about ten lakhs of maunds of *Gur*, equal to about one crore maunds of cane. Another matter which he mentioned was that the existing factories in Bihar have done nothing to promote the cultivation of cane round the factory. This is not so. The Champaran Sugar Company has been now established for nearly 30 years and with the greatest difficulty we were able to get until three years ago a maximum of 15 lakhs of maunds of cane and that could not be got locally ; much of it had to come 120 miles by rail. The economic depression and the popularity of growing cane have undoubtedly increased cane cultivation in the neighbourhood in the company's factory and in the coming year I believe there will be enough cane available within a radius of 15 to 20 miles and we need not go 120 miles for it. One more point is that cane growing in north Bihar has become popular because of the low price of rice. If the price of rice should increase as it probably will, cane growing will go down and many of those factories which are operating now are going to have trouble in getting enough cane. As I said, in the United Provinces I favour zoning. I have prepared some notes about zoning, but as most of the points have been covered already I shall not repeat what has already been said.

The Honourable Sardar Sir Jogendra Singh : Can you give us the cost of direct cultivation of cane in your own farms ?

Mr. J. M. Lownie : It varies according to districts. In 5 or 6 estates it is round about four annas a maund.

Chairman : Bihar does not contemplate legislation. I do not think we are at all inclined to suggest to the Bihar Government that they should legislate unless you want us to do that.

Mr. D. P. Khaitan : I do not want to do that, certainly not. I thought that Mr. Srivastava wanted to hear the views of those who are present in this Conference, so that by keeping an open mind he could think out as to whether the decision he has taken or is about to take would really introduce improvements or whether the decision he has arrived at would further deteriorate the position.

Chairman : I have noted down your request, and as soon as I have heard what Madras has to say I will call on you. I understand that Madras had some suggestion on item no. 3.

The Honourable Diwan Bahadur Kumaraswami Reddiyar : I said yesterday that I had some ideas to be placed before the Conference as to how the extra margin of profit which the revised calculations disclosed could be utilised for the purpose of developing the sugar industry as a whole. The extra margin of profit according to Mr. Srivastava's calculations as found in his notes, is about Rs. 2-7-4 per maund, it may be exactly that amount or perhaps a little

less. The protective scheme now introduced was intended mainly to promote and to build up the industry itself so that by the end of the period of protection the industry would have so far developed and strengthened itself that it could stand on its own legs. This extra margin of profit must go towards carrying out this object for which the scheme of protection itself was intended, and it need not be redistributed either to the factory owner or to the producer of the cane or the consumer. What we suggest is that this extra profit might be given as bounties for exports of sugar.

It is not difficult to find a market outside India for the Indian sugar. Taking for example the United Kingdom itself, we find that the bulk of its requirements of sugar come from foreign countries. It is only about a third of its sugar that comes from Empire sources. There is a small quantity which is locally manufactured; the rest of it comes from non-Empire sources. The imports from the Empire sources themselves receive considerable protection. The Dominions have a preference which amounts to very nearly 4*s.* per cwt.—3*s.* 8·8*d.*— the colonies get a little bit—1*s.*—more than the Dominions, and Honourable Members would remember that under Article 13 of the Ottawa Agreement His Majesty's Government in the United Kingdom have agreed to give us the same tariff preferences as they accord to the Dominions. That would entitle us to a preference of nearly 4 *s.* as I said, and if we ask for that, the British Government, as they have agreed to it under that Article, would extend it to Indian sugar as well. It may perhaps be worth while to try and get even the higher preference that the colonies are getting. Whether we succeed in that or not we can reasonably expect that we shall get, in pursuance of the terms of the Agreement, the same preference as the Dominions are getting. When we get that preference, if some further encouragement is afforded for exports, we shall then have opened out before us a very good field in which could be found a further outlet for the products of this industry. The fear of over-production has necessitated the convening of this Conference and all the discussions that we have been having yesterday and this morning. Internal and inter-provincial jealousies and suspicions are expected to arise; and the rapid expansion of factories has caused a legitimate fear that more sugar might sooner or later be produced than could be internally consumed. That fear cannot be said to be altogether unfounded. Probably the best way of preventing this state of affairs ever arising, for preventing over-production and the ill effects of it on the prosperity of the industry—the best method by which these objects could be achieved is, as I said, by stimulating exports and thus finding a fresh outlet. If bounties on exports are to be granted, the immediate question will be how is the money to be found. In these days of financial stringency, unless some sources for the additional amount of money required are shown no proposal is ever likely to be looked at by the Government which has to incur the additional expenditure. My suggestion is that the extra margin of profit which, as disclosed by the recent calculations, is going to the manufacturer should be collected from the manufacturer as an excise, and the proceeds of this duty must be employed for the purpose of granting bounties to the exporter. There is nothing novel about this. This system is found in many countries which are producing sugar at present. They levy an excise and grant bounties to the exporter. If that is done I think it will be an effective method of preventing

all these internal quarrels and internal jealousies and we shall certainly be expanding our industry for the benefit of all provinces alike. That is a suggestion which I place before the Conference for its very earnest consideration. The legislation with regard to this matter cannot be undertaken by Local Governments. Act XIII of 1932 is not a fiscal enactment. It is an Act which is intended, as its preamble says, to provide for the fostering and development of the sugar industry in this country, and one method of doing that lies along the line that I have suggested. A suitable amendment of that Act will be the appropriate legislation for carrying out this proposal, if it is accepted in principle.

The Honourable Sardar Sir Jogendra Singh : I think I might begin by mentioning that I am as deeply interested in the propriety of the sugar industry as I am interested in the well-being of the cane growers. All these years I have been trying to do my best to attract capital and to get factories established. Therefore it should not be taken that anything that I say is against the interests of the manufacturers. The Honourable Minister from Madras has opened prospect of a new market which we can explore, but if we take the figures supplied by Mr. Srivastava, the modern sugar factories are only making at present about 2½ lakhs of tons of sugar and the sugar made from *Gur* and made by khandsaries means a great loss to the cane growers. Therefore I said yesterday that the time has not arrived when a halt should be called and that there is great room in every province for the establishment of sugar factories where sugarcane can be economically grown. When we have served our own markets we can begin to think of markets outside. A great deal has been said regarding the price paid to the cane grower. It was asserted yesterday that the price paid to him gave him 100 per cent. profit. It has been said by others that the cane grower gets the market price. No one has so far indicated the standard by which this payment has been judged. No one has said what is the cost of growing cane. I just elicited information from one of the biggest sugar manufacturers who has direct experience of growing cane, and he said that under direct cultivation the cost of growing cane was somewhere about four annas a maund. The Indian Sugar Committee held :

" After a careful consideration of the returns fu nished to us, however, we conclude as a tentative estimate that the average cost to the cultivator in 1920 of growing the thin varieties of cane in upper India is between 5 and 6 annas a maund, and that of growing the thick, Painda varieties, 8½ annas."

It was said that in Sonepat the factory did not make any profit and it was concluded that because the factory did not make any profit it was paying an adequate price for sugarcane. Now, in Sonepat, my department has worked out the cost of production from one acre of cane. It is Rs. 114 to the acre and if from one acre 350 maunds of cane is produced then the cost per maund is at least 5 annas, or a little over. Unless a factory which means to prosper, pays an adequate price to the cane grower it cannot secure an adequate and constant supply of cane. Therefore it is in the interest of the factory owners to pay to the cultivator at least the cost of growing the cane. Our contention is that some factories, I do not say all, do not pay even the cost of production and that is why legislation is necessary. I am in favour of licensing factories.

It has been said that it is very difficult to fix a minimum price for cane. Now, the problem is not a new one. It has been taken up by such cane producing countries as Cuba and Louisiana, and Cuba and Louisiana have come to an arrangement which is so familiar to the Indian cane grower. If you take your cane to the cane factory, you are entitled to get a share of the sugar that is produced from it. The Sugar Committee held that this share should be half the sugar produced. Why should not it be so. In the Punjab a notification was recently issued in the Department of Industries giving the basis on which the prices can be fixed. This notification is in the file of all the members. My contention is that it is necessary to protect the cane grower and unless you give him protection, he is forced to sell his cane as he cannot keep it standing, accept any price that is paid to him. It rests with the Central Government and the Local Governments to guarantee to the cane grower a minimum price for cane with a sliding scale which would entitle him to get a decent price for his cane. The proposal that I make is not only in the interest of the cane grower but it is in the interest of the manufacturer. If the purchasing power of the individual cultivator increases, the market for sugar also increases and prices would keep a steady level. It is not that the price paid to the cane grower is likely to nibble at the profit which the manufacturer is likely to make. It is the wasteful processes which ill-equipped factories follow that cause losses. A conference like this ought to be a conference not of opposing interests but a conference of interests that must co-operate. Both the cane growers and the factories must come to an understanding to pay an adequate price to the cane grower and at the same time to secure an adequate return on the capital that has been invested. The trouble arises when this co-operative idea is lost sight of. I must confess that there has not been any sign of this co-operation, and if the manufacturer in his eagerness to make large profits does not consider the interests of the cane grower it seems desirable that some kind of licensing should be started. The factories that pay an adequate price have nothing to fear and those who wish to exploit the poor peasant will realise that the State cannot leave the cane grower at their mercy. I am therefore entirely in favour of the licensing and the zoning system. I also wish to say that it is too early to think that the sugar industry has reached a stage when a halt should be called. There is still great room for development. We should attract capital and help the industry to grow and replace the wasteful processes of making sugar from *Gur* and the khandsari system which means such a loss to the cane grower.

Mr. D. P. Khaitan : I shall take up the string of the argument at the point where Sir Jogendra Singh left it and I absolutely agree with him that there should be the fullest co-operation between the sugar manufacturer and the cane grower and because that co-operation will be seriously disturbed if legislation is passed, is one of the strongest reasons why I oppose legislation of any kind whatsoever. I am not basing my arguments on imagination or speculation. I speak from actual experience in my own factories and those of my closest friends. An atmosphere has grown up that sugar manufacturers are dishonest people and that they pay the cane grower as little as possible. I may confess at once that there have been cases in which some mills have paid much less han what other mills have paid. The difficulty in the situation has often arisen by the insistence of the cane grower to sell. The factory people have been trying

to supervise the dealings of the contractors and have sometimes been put into difficulty because of the touch that the sugar manufacturer has tried to bring about between himself and the cane grower. If legislation is passed, it is this attempt to bring about a touch between the sugar manufacturer and the cane grower that will be most seriously disturbed. Let us visualise what will happen when legislation of this character is passed. You have noticed that the Honourable Minister from the United Provinces has been driven to the conclusion that even contractors must be licensed. That is the worst feature of the whole scheme. If this happens, then the result will be that these licensed contractors will place the whole mill at their mercy. It will be a kind of monopoly enjoyed by the contractors and they will try to pay as little as possible to the cane grower and put the sugar manufacturer under their thumb absolutely.

If there is any feature of the scheme which the sugar manufacturers will fight against to the utmost of their capacity, it is this attempt to support legislation either in the Provincial Council or in the Indian Legislative Assembly. We are here to see that we make profits ourselves but we are also to see that the economic condition of the country improves in every possible way. We have not established our factories to be placed under the thumbs of licensed contractors. The fallacy in the argument which appeals to Mr. Srivastava will be apparent from the fact that Colonel Lees, who represents the sugarcane growers of Bihar, was driven to a bad analogy to support his argument. The only analogy that he could find was that of coolie sardars, about the employment of coolies in tea gardens. Anybody who knows anything about the way in which illiterate people were victimised by coolie sardars must surely know that the analogy does not apply to the case of the sugarcane grower and the sugar manufacturer. Does he mean to suggest that the sugar manufacturers are that kind of people who come under the category of coolie sardars who tempt people away from their homes to far off fields like Mauritius and other places after telling them that they are going to places of pilgrimage. Surely that condition does not prevail in the case of sugarcane cultivation or sugar manufacture and therefore the analogy upon which Colonel Lees has built his whole argument does not exist at all.

Colonel C. G. Lees : I asked that he might be licensed in the same way. There was no analogy. It is only the form of the licence. I never suggested that the two types of men were of the same standing. I was referring only to the form of the licence that is to be granted. That is all.

Mr. D. P. Khaitan : If he wants the same form of licence, then the analogy still remains. However I take it that Colonel Lees does not want to use that analogy.

Chairman : Then you are in agreement with Colonel Lees ?

Mr. D. P. Khaitan : If you ask me to fall in agreement with Colonel Lees, then I do not agree, but if Colonel Lees falls into line with me I have no objection.

Chairman : I understood you to say that these licensed contractors will be very objectionable people like the coolie sardars. Am I right ? Do you approve of licensed contractors ?

Mr. D. P. Khaitan : I am saying most emphatically that the worst thing that can be done to this industry is to license the contractors.

Chairman : You say that they are as objectionable as coolie sardars who entice people away ?

Colonel C. G. Lees : What I said was that the contractor had to go to the mill to get a letter to the local authority.

Chairman : You are attempting to use the argument that licensing of contractors means reflection on the factory owners. That has created some confusion.

Mr. D. P. Khaitan : My argument in plain language is this, that the manufacturers should, as far as possible, come in direct contact with the agriculturists and that they should be at perfect liberty to employ such men as they like for the purpose of making arrangements for the supply of their cane.

Chairman : You are opposed to having any contractors.

Mr. D. P. Khaitan : Ultimately, yes.

Chairman : What does ' ultimately ' mean ?

Mr. D. P. Khaitan : In the beginning it has been found necessary to employ contractors.

Chairman : You object to their being licensed ?

Mr. D. P. Khaitan : Yes, Sir, for the reason that if contractors are licensed the manufacturers will be compelled to employ only those people who will be licensed by the Government for the purpose of supply of canes and that will be a kind of interference on the part of the Government as to the selection of the people through whom purchases have got to be made and whose services must necessarily be utilised for the purpose of running the concern and thereby the sugar factory will be placed in such a difficult position that it will be at the mercy of the contractors, which is a position which is neither good for the cultivator nor good for the factory itself.

So far as the licence holders are concerned, it is my experience that they are worse people than those who have got to obey the orders of the sugar mill manufacturer because of their holding the licence. Sir, the best way to bring about co-operation between the manufacturers and the cane cultivators would be the establishment of co-operative societies. They will be able to deal direct with the mill manufacturers. These societies will be managed by the agriculturists themselves. In the beginning some assistance will have to be given for the purpose of establishing these co-operative societies. These societies will have the further advantage of being able to be in touch with the Department of Agriculture and the needs of the sugar manufacturer. They will be able to advise the cultivators as to what kind of sugarcane to grow and what price to realise. The fixation of a minimum price will not help to improve the quality of cane because the fixation of a minimum price would mean that whether a good quality of cane is grown or a bad quality of cane is grown, that amount of price is realised in any event by the cultivator. And

you know the mentality of the cultivators. If they think that by growing any kind of stuff they are assured of a certain amount of profit, then they do not bother their head to find out other means of improving their income. That is the situation which the fixation of a minimum price will lead to. Dr. Narang yesterday pointed out the great difference between the yield derived from the Java cane and the yield derived from the cane in India. It is absolutely necessary to improve the quality of cane. If a minimum price is fixed, then there will be no incentive on the part of the manufacturer to spend money or to co-operate with the Government or the Department of Agriculture for the purpose of improving the quality of cane, and as I have already submitted there will be no incentive on the part of the agriculturists to grow better cane in order that they may be able to realise a better price for their produce. There will be another difficulty about the fixation of a minimum price and it is this. You cannot prevent a sugar manufacturer from buying cane from any person he likes and if you pass a law by which a minimum price is fixed, then what will happen will be that the sugar manufacturer, in order to keep clear of the criminal law that will be passed, will try to avoid coming in direct contact with the agriculturist as far as possible. It will be to his advantage in order that he may not be bothered by criminal prosecutions to employ a middleman from whom he could purchase the cane and about whom there will be no risk of criminal prosecutions being started and it will be no business of his, as it is at the present moment, to see whether the contractor gives the proper price to the cultivator or not. At the present moment I see from my actual experience that the sugar manufacturer does his best to see that the cultivator gets the price which is being paid to the contractor for the purpose of being paid to the cultivator. The passing of the criminal law will practically force the sugar manufacturer not to have anything to do with the amount that the contractor pays to the agriculturist because if he keeps himself in touch with what is happening between the contractor and the cultivator he may be taken to aid and abet the crime as between the contractor and the cultivator. Therefore the protection which the cultivator is at present getting by reason of the natural desire of the sugar manufacturer to supervise the operations of the contractor towards the cultivator will surely disappear. Therefore the worst thing that you can do for the cultivator at the present moment is either to license contractors or to fix a minimum price.

As regards the minimum price, the question naturally arises on what basis a minimum price should be fixed. All that can be done is just to fix that price which represents the cost of production and no more, because when a minimum price is fixed you cannot fix it higher than the cost of production, for on the one side you have got the agriculturist to look after and on the other side there is naturally the desire on the part of everybody to see that the consumer gets sugar as cheaply as possible, because that is the ultimate object of production being granted to an industry. The minimum price may also be fixed for bad cane from which there is less yield. In that case you cannot achieve the other object of protection, namely, that the consumers' interests should also be served. We should not in the course of this discussion forget the consumer also. It may look rather strange that a manufacturer is speaking on behalf of the consumer but as we have assembled here to consider all the

points of view it is necessary that all interests should take every point of view into consideration. Mr. Prior, speaking on behalf of Bihar, has already given you enough arguments against the zoning system and against the licensing of factories and therefore it is not necessary for me to dilate upon it any further. But I should like to place on record the fact that whatever may be the view of Mr. Lownie, (who represents some manufacturers in the United Provinces and some in Bihar and Orissa), there is not only a majority but almost a unanimity of opinion among the other manfacturers that zoning and licensing of factories should not be introduced. Mr. Prior has given you all the practical and technical arguments against the zoning and licensing of factories. There are great fears in the minds of a large number of people as to how licensing will operate. I deliberately do not want to go into that question in further detail because the atmosphere that prevails in India is well-known to everybody and I would not like to dilate upon that point any further. If for no other reason, for that reason alone, it is not desirable that the system of licensing should be introduced in India at the present moment. If we really want to protect the interests of the agriculturists and of the manufacturers and of the consumers, then it is necessary for us to see that every attempt should be made to use the bi-products of the factory. I am really surprised that the question of molasses has not yet been seriously considered by this conference although I should have thought that that was the most important factor in the process of manufacture that should have been considered. All the molasses are not only going to waste but they entail some cost on the manufacturer to throw it away, and as the Punjab representative pointed out, there will be difficulty next year in even finding out a way in which to throw away the molasses.

Chairman : Is that the alcohol business ?

Mr. D. P. Khaitan : Yes, Sir.

Chairman : That will come later.

The Honourable Dr. Gokal Chand Narang : I want to say a few words on the proposition before us.

Chairman : It is not that I do not want you to speak but there will be a further opportunity for speaking. Will you kindly wait ?

We have discussed items 3 and 4 at some length this morning. As I stated earlier this morning, really and truly it is the United Provinces that have arrived, on the data before it, at the conclusion that it ought to proceed with legislation. They are here in the conference to gather further data. I have no doubt that some of us present here who have taken part in the debate have pointed out serious difficulties in the way of legislation.

The difficulties in enforcing that legislation will be taken into consideration by the authorities responsible in that province. Suggestions other than those relating to legislation have been made. What I want to suggest, if Honourable Members would agree, is that the best way of helping the United Provinces is by letting them have the help of a few of us to discuss this method at their leisure to-day and tell us to-morrow as to what is the result of their deliberation. The United Provinces Minister is the member of this Conference the most concerned. No doubt he would like

to have an industrialist and a cane grower of this province. He would like to have Mr. Prior to help him in pointing out to him the difficulties of the policy which he proposes to pursue. Of the other members who have seriously studied this question of legislation Mr. Rajagopalachari of Mysore would kindly help him because he has a bill of similar nature. Of the other provinces which contemplate legislation in the near future, Bombay is one, and it wants to solve its troubles by proceeding to legislate for acquiring lands so that they may be placed at the disposal of factory owners or sugarcane growers. If in the absence of the Minister, Mr. Advani would serve on the committee it would be nice. Then I am prepared to request two officers of the Government of India, Mr. Ram Chandra and Mr. Burt assisted by the Sugar Technologist, to give the benefit of their experience and knowledge to this committee. The idea is that these gentlemen should consider the question of policy that the United Provinces Government have in view. They want this advice and this conference should be willing to give such advice. But the United Provinces Government will not in any way be bound by the report of the committee, either majority or minority. The responsibility of the United Provinces Ministry remains their own affair. This committee will be in an entirely advisory capacity. Those who want legislation will have the benefit of knowing what can be said in support of legislation. If the committee is able to give an agreed report then we will be in a position to judge to what extent this agreed report meets our needs. If the committee is not able to give an agreed report and if they state their different views, then we will have derived a good deal of benefit and will be able to proceed with the discussion in the light of what the committee have said.

The Honourable Dr. Gokal Chand Narang : I respectfully submit that the proposal which you have suggested is, to say the least, extraordinary. The way you have put your proposal, one cannot help feeling it, is more or less a private affair between yourself and Mr. Srivastava and this occasion is utilised simply because he happens to be here and the two or three gentlemen whom you have mentioned also happen to be here. It is clear from what you have said that it is no business of the conference. If the conference is to be treated as a unit or is deemed to posses any constitutional status, then the procedure you have followed is not the right one because the gentlemen whose names you have mentioned are not chosen by the conference. They have been nominated by yourself to assist Mr. Srivastava in an entirely private affair and if that is so, my submission is it would be best for you to dissolve this conference because it has no further interest in the matter. The nature of the deliberation of the committee would be entirely private. Mr. Srivastava could as well have taken some other opportunity at his leisure and might have utilized his sojourn at Simla for this purpose. He might consult you or your Secretary who will be in a position to advise him. He might also consult Mr. Prior and Mr. Advani and the gentleman from Mysore. My point is that any advice given unanimous or otherwise would be most misleading and would not be the opinion of this conference.

Mr. D. P. Khaitan : I support the proposal of the previous speaker.

Chairman : A member of this conference wanted a committee to be appointed in order to assist him in the solution of a problem with which he is

faced. It is proposed he should have the assistance of some members of this conference. There is some opposition that the members to be appointed to assist him should be other than those I have indicated.

The Honourable Dr. Gokal Chand Narang : I did not express any such opinion. What I am protesting against is that a committee should at all be appointed, by the Chairman in this way.

Chairman : Is it the wish that the committee I have suggested is not a suitable committee but some other committee should be appointed.

Rao Bahadur Narasimha Raju Garu : Whether the conference has a right to appoint a committee.

Chairman : This conference is not different from any other conference in the matter of appointing a committee.

Rao Bahadur Narasimha Raju Garu : The conference has not appointed the committee.

Chairman : Then it is a question of either nomination or election. It is perfectly open for the United Provinces representative to say there will be other persons than those I have indicated. Bihar wanted no legislation, but since Mr. Prior has studied the question of legislation I asked him to serve on the committee. Of the Indian States, Mysore has studied this question and so I asked the Mysore representative to give the benefit of his advice. No other province, I understand, feels the necessity for legislation. There was no occasion for me to request the Punjab representatives to serve on the committee. But if anybody feels there ought to be some one from the Punjab, I am sure the United Provinces Minister would be glad to have their assistance.

The Honourable Sardar Sir Jogendra Singh : The point is, the United Provinces Minister wants to consult certain members of the committee on a private matter. If that is so, we have no objection.

Chairman : I thought, what you stressed twice this morning was the necessity for co-operation. Co-operation in public and in private are not different. Coming to Bengal, there was no question of Bengal coming in because it did not want legislation. None of the Madras delegates wanted to serve on the committee in view of the strong views expressed yesterday. Therefore it seems to me that the objection taken as to the way in which the committee has been nominated is not perhaps the result of a careful and calm deliberation.

The Honourable Dr. Gokal Chand Narang : I think you have perhaps entirely misunderstood me. I cannot object to anybody consulting anybody else and I cannot object to your asking anybody here to help anybody else. What I want to make absolutely clear is that those gentlemen whom you have suggested as suitable persons to be consulted by Mr. Srivastava will not have any mandate from this Conference. It is an entirely private affair. This Conference will not be responsible for their views whether those views found favour with one section of the Conference or with another. That is all I wanted to make clear.

I should also like to say that it is not only those who have prepared Bills who can be said to have studied the question. They may have felt the necessity

but that does not mean that the drafting of a Bill is the only index of having studied the question. As regards co-operation, everybody is prepared to co-operate with any gentleman who wants that co-operation ; but it is only from the constitutional point of view that I raise my protest. Otherwise you are at liberty to name any gentlemen you want and the Honourable Minister from the United Provinces is at liberty to consult anybody he likes.

Chairman : I think what you have stated is perfectly correct that this committee has no mandate from the Conference, and that the views this committee formulates are not the views that will in any way bind this Conference or any section of it. Their views will be their own views. On that point you can rest assured that there will be no misunderstanding whatever.

Lala Padampat Sahib : I should like to point out that the committee is not fully representative of all manufacturing interests, but of course it is for you to form whatever committee you like.

Chairman : Thank you. I think we might now adjourn till eleven o'clock to-morrow.

The Honourable Dr. Gokal Chand Narang : Before you adjourn we should like to know what we are discussing to-morrow so that we may come prepared for it.

Chairman : First we will consider the report if any is presented by the committee. If they are able to present a report I would request them to have typed copies of it placed at the seats of the members of the Conference. If they are not able to present a report, we will proceed with the discussion of items 3 and 4 and after that, accidental items if any. We will further proceed to consider any statement that my Secretary may have ready as to the purport of the proceedings of yesterday's conference which will be circulated amongst the members to-morrow morning for their approval or otherwise. That is the programme that I have in mind for to-morrow. If there is anything else that gentlemen have to suggest I shall be very glad to consider it.

The Conference then adjourned till 11 o'clock on Wednesday th 12th July, 1933.

PROCEEDINGS.

Third day.

The Conference met at 11 A. M., on Wednesday, the 12th July 1933, with the Honourable Khan Bahadur Mian Sir Fazl-i-Husain in the Chair.

Chairman: I believe, Gentlemen, that copies of the Summary* and of the Report† have been placed before Honourable Members and I had better take up with your permission the Summary first.

The Honourable Dr. Gokal Chand Narang: May I draw your attention to one important matter and that is this. In spite of the considerable discussion that took place yesterday regarding the nature of the Committee that you were pleased to appoint, the Indian News Agency—you are of course not responsible for it, but it is necessary to bring it to your notice—have circulated the news, after giving a brief summary of what happened that "The Conference eventually appointed a Committee to consider Mr. Srivastava's proposal for legislation and submit a report to the Conference to-morrow". It is entirely oppposed to facts. In your capacity as Chairman I think you will be pleased to draw their attention to this erroneous statement. It is surprising that any one present in this House—and I believe that some representative of this News Agency must have been present here—should have fallen into any error as to the nature of the committee that was appointed yesterday.

Chairman: The Honourable Member has only repeated his protest of yesterday, and I think it did not apparently attract the attention of the representatives of the press yesterday. It might to-day.

Now, we proceed to deal with the Summary. I shall be very glad to have the comments of Honourable members.

Mr. Prior pointed out that the first sentence under Subject II might give the impression that the Honourable Minister for Education in Bihar had expressed such an opinion. Actually he did not do so. Mr. Prior also said that what he had stated in his speech was that as a rule the benefits of the protection had been fairly distributed, though in certain cases they were not owing to certain causes.

Mr. Khaitan suggested that in Subject III (2) the words "and with this view Dr. Narang, Mr. Khaitan and Mr. Padampet agreed" may be added after the words "the Government of Bihar and Orissa." Dr. Narang and Mr. Padampet had no objection to this being done.

No other members of the conference had any remarks to make on the Summary.

Chairman: The Summary in the light of the observations made by various members will be corrected. Let us now take up the Report.

Chairman: With your permission I would just mention that towards the end of the report what is put down is this: "The Honourable the Chairman asked the Committee whether the United Provinces Government should proceed

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*Appendix I.

†Appendix II.

with the fixation of a minimum price for cane even though the Bihar and Orissa Government is not in favour of such a procedure. The Committee felt considerable difficulty in expressing an opinion and suggested that this important matter of principle should be referred to the Conference for advice." Now, the question is whether there should be legislation or not and the second point is whether legislation in a particular province should be undertaken or not. Unless it is claimed that the conditions prevailing in two provinces are identical, the question of principle does not arise, but still we shall be glad to hear on what particular point the minister for the United Provinces wants the advice of this conference.

The Honourable Mr. Srivastava : Bihar is a neighbouring province to the United Provinces. If we in the United Provinces fix a minimum price say at 6 annas and the factories in Bihar get the cane at 4 annas, then the factories in the United Provinces will be at a disadvantage, as they will have to pay more for their raw material. So we think that if a minimum price is to be fixed it should be done in both the provinces. That is our view. Otherwise it would not be fair to the factories in the United Provinces. That was the point.

Mr. H. C. Prior : My Government appreciated the difficulty that might occur if the Government of the United Provinces took a different view to theirs. As regards item 4 of the Agenda, as I stated yesterday, their view is that no legislation is necessary, but if the Government of India do not accept that view and consider that legislation is necessary my Government are of opinion that such legislation should be central, enabling legislation introduced after consultation with the various Governments if that was found to be necessary. Such enabling legislation would be passed by the Central Government and would give power to the various Provincial Governments to enforce it if they considered it necessary to do so in the case of a district or any factory. It seems to me, and here I am stating my own views and not those of my Government, that if such enabling legislation was passed and the United Provinces Government decided to enforce the fixation of a minimum price in the case of certain areas or districts and they proved that less than that minimum price was being paid in Bihar, it would be a matter for consideration by the Bihar Government whether they should try to meet any wishes of the United Provinces Government in the matter. If there was enabling legislation action could perhaps be taken quicker than if it was necessary for the province itself to pass legislation through its provincial legislature.

The Honourable Mr. Srivastava : May I know whether legislation such as this should be provincial or central ?

Mr. D. P. Khaitan : I wish to say a few words on this subject from the manufacturers' point of view. At the present moment I am only speaking on paragraph 4 of the report. When we come to other paragraphs I shall have other comments to make.

The point that has been put forward by Mr. Srivastava is really of great importance. I happen to represent in this conference only the Bihar manufacturers, but fortunately I have interests in the United Provinces also and therefore I am in a position to look at the question from a broader point of view than I could if I were interested in one province only. Supposing the

United Provinces Government pass a measure for the fixation of a minimum price it is not simply the position in the province of Bihar that affects the position of the United Provinces manufacturers but the position that prevails in the other provinces also, for example, Bengal, Madras, Bombay, Punjab. They all affect the situation because the United Provinces manufacturers are not able to sell the whole of their production in that province only. They have got to compete with concerns established in other provinces and therefore if any legislation is passed—I have already said that I am opposed to it—it should be uniform in all the provinces. Then there is the question of States which is no longer a matter of mere speculation. We know that Rampur is practically in the United Provinces. It is establishing big sugar manufacture. What will be the position of the State of Rampur as compared with the neighbouring districts of the United Provinces. Then Mysore is starting factories—semi State factories. Would not the condition in Mysore affect the position of the United Provinces ? Hyderabad is contemplating the establishment of factories and I am sure that Bengal will not be behindhand. Four factories are already being started and with the impetus given by the Minister and Director of Agriculture, sugarcane cultivation in that Province is sure to affect the position of the United Provinces. I hope the Hon'ble Mr. Srivastava in the legislation that he contemplates will not place the industrialists in his province at a disadvantage as compared with the Industrialists in other provinces. If he does, the result will be that although factories may be established in the Provinces, they will not be established in the United Provinces. The other Provinces will welcome legislation of that character for the United Provinces alone. It is not as if the sugar manufacturers do not want to co-operate. They do want to co-operate provided suitable constructive action is devised. They do want to co-operate and I will make suggestions later on about that but if anything is done, as I have already said, it should be on uniform lines for all provinces and also for all the States, because we cannot ignore the States in this question.

The Honourable Mr. P. T. Rajan : You said that this matter entirely concerns the Provincial Governments. I am afraid I cannot agree with Mr. Prior when he says that there should be some Central legislation. For the present we feel there is no necessity. A time may come when if there is a necessity the Local Governments will make a representation to the Government of India. As far as the United Provinces is concerned, we are not in touch with the conditions there and we cannot give any advice to them on this matter.

Mr. H. C. Prior : The last speaker suggested that I favoured Central legislation. That was not my intention.

The Honourable Mr. P. T. Rajan : I accept the explanation.

The Honourable Dr. Gokal Chand Narang : I have only to support what was said by Mr. Khaitan. I think the United Provinces and Bihar are contiguous each other and a good deal of cane passes from one province to the other, some mills being situated almost on the border. It will affect the United Provinces most injuriously if there is a restriction or minimum price fixed in that province and there is none in the neighbouring province of Bihar and Orissa. Then I am still in the dark as to the data which have led the Minister for the United Provinces to think of legislating for his province. The only data is in

table A. The figures are given for the several seasons from 1929-30 to 1932-33 and I have not found a single factory, where the cost to the factory has been less than 6 annas or so. In some cases it is much more. The basic price which goes into the pocket of the cultivator is no doubt a little less. I will quote from the supplementary note Tables I, II, III, etc., which contain the latest figures for the year 1932-33. We find that the basic prices regarding the 7 factories are As. 5/6, 5/11·7, 5/7·1, 5/6·2, 5/7·2, 5/5·2 and 5/·3. None of these factories has paid less than 5 annas which has actually gone into the pockets of the cultivators. The mills have paid much more than that if other expenses for bringing the cane to the factory are to be taken into account. Then I find that the total price for factory delivery per maund is as high as annas 7/·9. The average price of cane per maund comes to As 5/6 and the total for factory delivery per maund comes to As. 7/9·38 for one factory and As. 6/11·79 for another factory and so on. This is for 1929-30. Taking the year 1930-31 we find similar figures again, the lowest average price paid by any factory is As. 5/3.

Chairman : Don't you think that the discussion is more on item 2 than on item 3 ?

The Honourable Dr. Gokal Chand Narang : I was only pointing out to the Honourable Minister that it would perhaps be too much to say that either he has been misled by some figures or something else has happened particularly in view of the fact that the neighbouring province is not making any law on the point and therefore he should also not think of it.

The Honourable Mr. Srivastava : We do not know how these figures have been worked out but we have made extensive inquiries and I can assure the Honourable Minister for the Punjab that a very much lower price is being paid in the United Provinces in several factories at all events. We do not want to lay those figures on the table here because they are necessarily of a private character, but he should take my word for them.

Chairman : I do not really think that the question whether the distribution of profits is fair or unfair or has been fair or unfair is now for discussion.

The Honourable Dr. Gokal Chand Narang : No, Sir, that was not the point that I was discussing. No doubt it touches the question in one way but the point is whether it is necessary to fix any minimum price even in the United Provinces. From the data that we have got it appears that it is not necessary. I understood one gentleman here to say that As. 5/6 would be the proper price. From the data we have been supplied with I find that that is the price that is already being paid. I have got a list of a number of factories and I can say that in the factories with which I am connected we have never paid less than As. 5/9 or 6 annas to the cultivator.

Now, with respect to the private information which has not been placed before us and which has been made available to the Honourable Minister, it is impossible to offer any criticism or comment. But even with respect to that I would make one submission, namely, that it appears that in one or two new factories which worked for the first time during the last season they paid unusually low prices ranging from 3 to 4 annas or so. It may be that there was cane in those areas which the cultivators did not know how to utilise and there-

fore they practically dumped it into the factory and were content with any price that the factory offered. But that state of things will surely not continue. The very next season will show that the cultivator will be more cautious and on account of the greater competition which has followed the establishment of quite a number of new factories which are under construction now, that state of things will automatically disappear. Even with respect to those factories, I think, the Honourable Minister need not be alarmed.

The Honourable Diwan Bahadur S. T. Kambli : From the discussion that we have had on this subject, it appears that the United Provinces is the only province which is in favour of fixation of minimum prices. Other Governments are not of this opinion ; specially the Bihar and Orissa Government is deadly opposed to it. That in itself shows that there is no necessity for legislation affecting all the provinces. If the United Provinces Government thinks that the fixation of a minimum price is necessary, it may pass legislation to that effect in its own Legislative Council.

Chairman : It has never been suggested that there should be Central legislation of this character for all the provinces.

The Honourable Diwan Bahadur S. T. Kambli : So far as I can see, Sir, from the discussion, the United Provinces is attempting to reconcile Bihar and Orissa to accept its view.

Mr. H. C. Prior : No.

Dewan Bahadur S. T. Kambli : In any case the United Provinces Government is in favour of fixation of minimum prices and the adjoining Bihar and Orissa Government is opposed to it. I am therefore of opinion that every province should be left free to pass any legislation that it thought fit on this subject. In my opinion the question of supply and demand must be left to take its own course. Any attempt—however well-meant—to interfere with this natural course is more likely than not to end in undesirable and unthought of consequences. Interference with economic laws of supply and demand ought generally to be discouraged.

Rao Bahadur Narasimha Raju Garu : As I understand the situation, the cane growers of the United Provinces and the representative of the manufacturers are all agreed that there should be a uniform price.

Mr. D. P. Khaitan : I do not suppose Mr. Lownie supported the fixation of the minimum price. So I do not think Mr. Raju is correct in saying that the manufacturers like legislation of this character.

Rao Bahadur Narasimha Raju Garu : That means the manufacturers of the United Provinces are not in favour of fixing the minimum price. Now, as far as the Government of Bihar and Orissa is concerned, I understand they are not in favour of fixing the minimum price, but if the Central Government considers it desirable, I think the question will be further explored by the Bihar and Orissa Government. That is how Mr. Prior put it.

Mr. H. C. Prior : In the first instance, it will have to be explored by the Government of India.

Rao Bahadur Narasimha Raju Garu : If the Government of India advised the Bihar and Orissa Government they will consider the situation, although

the manufacturers of Bihar and Orissa are not in favour of fixing the minimum price. If I correctly understood Colonel Lees, I think he is in favour of fixing the minimum price. And the Minister for the United Provinces considers that the fixing of the minimum price by the United Provinces Government will be a great disadvantage on account of the peculiar circumstances of the location of factories. In my opinion the best thing for the Government of India to do would be to examine the question of the two provinces after actually watching the whole thing for one season. Advice may be given to different provinces and, if necessary, the constitutional proprieties of interference by the Central Government may have to be explored in the interests of the cane grower.

The Honourable Sardar Sir Jogendra Singh : Sir, it has been said that 5 annas a maund is the fair price for cane. I do not know on what ground this conclusion has been reached. The cost of cane production is never less than 6 annas a maund in Upper India, and therefore, 5 annas a maund cannot be the fair price for cane. Now to secure cultivator a fair price, the question is whether the legislation should be central or only provincial. I think it should be provincial. Mr. Srivastava has pointed out his difficulties and I do not think we can offer him any advice on this subject with any advantage. It is at present a provincial subject and will have to be dealt with by the provinces themselves according to the conditions prevailing in each Province. We are not in a position to know what those conditions are and whether the price that is considered fair by the United Provinces Government would be fair in the Punjab. Under these circumstances I do not think this conference is in a position to offer any advice to Mr. Srivastava on this point. I am however in favour of fixing a share in sugar of the cultivator as recommended by Indian Sugar Committee.

The Chairman then read out certain telegrams received from certain private individuals expressing their opinion as regards the fixing of minimum price for sugar.

Mr. D. P. Khaitan : From a constitutional point of view it is not proper that these telegrams should be put on record.

Chairman : These telegrams are not put on record. I read them out simply to show the sort of sentiments entertained by some unknown people. The opinions of members of this conference are valuable and they are based on knowledge they derived from records we have circulated for information. But these telegrams have no value whatever.

As to this report that has been submitted to this conference by the committee, the question put by th Chairman of the committee is this. " If I proceed to legislate and fix a minimum price and my neighbouring province does not do so, that would be awkward for me. What does this conference advise me to do in the circumstances ?" The reply of the conference as gathered from those who have taken part in the debate, namely Bombay and Madras is, " well, that is your affair. We have not got the material before us to give you really good advice whether you should have legislation or not. In the second place we do not know whether the conditions that prevail in Bihar are different from tho e prevailing in the United Provinces ". The same view is expressed by the Minister for Industries in the Punjab. His advice is, " do not

legislate at all and this trouble will not arise". I, therefore, do not think that the Mninister from the United Provinces can derive much assistance from such views as have been expressed by those who have taken part in the discussion. Yet almost all are agreed that if there is an evil, there must be some way in the natural course of events to cure that evil. If there is an evil in the United Provinces and his colleagues feel that it is so and he proceeds to legislate to remove that evil and if the same evil exists in Bihar and and Orissa is there any reason to believe why the people who suffer from that evil in Bihar and Orissa will not approach their Government with the same requests ? Then the Bihar and Orissa Government will not be able to resist that request. No Government can form a policy to which it must adhere for ever. Every policy is liable to be reviewed in the light of circumstances when new facts are brought to their knowledge. Therefore, I do not think that, that, by itself would be an insuperable difficulty. Yet legislation is a serious matter. It is easier to for legislate than to enforce it. There are all sorts of troubles and the Minister for the United Provinces will have to discuss and defend from more forums than one in the United Provinces itself. We can hardly go into matters of detail. If legislation is needed by more provinces than one, no doubt that can be undertaken, by the Central Government. If it is needed only by one province, it is but right that the passing of the legislation should be left to that province. One might go a step further and say that even where it is needed by a few provinces and after a great deal of discussion and consultation the provinces concerned are more or less agreed on the lines which that legislation should take, then those sister legislatures should proceed to legislate rather than have recourse to the Central legislature. I have no doubt this is the opinion of the conference. My friend the representative of cane growers from the Punjab has alluded to the possible persuasive eloquence of the Government of India in putting matters right. No doubt eloquence is a great virtue and it can go a long way, but when in the hard realities of life money matters are involved it is best to adjust them on business lines, rather than with he help of eloquence. If there is dearer cane in the United Provinces one tendency will be for new factories to be opened in Bihar and Orissa and when they are opened in Bihar and Orissa they will injure the existing factories in Bihar and Orissa and the Bihar and Orissa Government cannot look with equanimity when that happens. So there are very many points that come into the problem and they will no doubt receive due consideration at the hands of the authorities in the two provinces. This is really all that need be said on the subject. The United Provinces Minister will realise that it is not from any lack of desire to help him that we have not been able to give him any advice but it is because the problem is such that with such observation as various members of he conference have made he no doubt on his return will think over the matter and then come to a final conclusion.

Mr. D. P. Khaitan : I wish to say a few words as regards paragraphs 15 to 17 of this report.

Chairman : The point is whether you want this conference to express an opinion on the report. Up till now the conference has expressed no opinion on any part of the report excepting the question that has been put and on which the discussion has not really made any contribution to the solution of the problem.

Do you like this portion of the report to be discussed and views expressed thereon ?

Mr. D. P. Khaitan : I have really no suggestions to make. That is a matter within your discretion. I want to draw your attention to clause 4, sub-clause (2) of the Bill which I did not see before and which seems to me to be a very dangerous clause. It says that " no factory shall without the sanction in writing of the Local Government buy sugarcane grown outside its area of operations ".

The Honourable Mr. Srivastava : That refers to zoning which was not approved by the committee yesterday.

Mr. D. P. Khaitan : This is a very dangerous clause. It does not permit sugarcane to be bought outside the zone. Does Government give any guarantee that within that zone enough sugarcane will be available ? Does Government force the cultivators within that zone to grow sufficient sugarcane within that zone ?

The Honourable Sir Frank Noyce : May I ask whether the provisions of the draft Bill are before the conference ? I understand that the Bill has been superseded by the report of the committee.

Mr. D. P. Khaitan : If that is understood I have nothing more to say. If it is clearly understood that the conference does not express any opinion on the report that has been submitted by the committee, I am quite satisfied.

Chairman : The view expressed in the report is the view of the majority who have signed the report.

The Honourable Mr. Srivastava : Sir, will you permit a discussion on the report of the committee itself ? We would greatly welcome the views of the other provinces as regards the main proposal that we have made, if that is possible.

Chairman : I have no objection to its being discussed if the conference so desires. There are two paragraphs, 2 and 3, one negativing zoning and one approving the fixation of minimum price. Do the members of the conference wish these points or any one of them to be discussed ?

The Honourable Dr. Gokal Chand Narang : As a member of this conference I should take no notice at all of the report that the private advisers of the Honourable Mr. Srivastava have submitted. So far as a formal discussion of this report is concerned it is out of our jurisdiction because we never appointed this committee and we have no jurisdiction to entertain this report. It is a private document prepared for the benefit of Mr. Srivastava and he can make any use of it he likes. But if he wants anyone in this conference to give an opinion on any point in this report I think it rests with you whether you will allow him to have the opinion of this conference or not. For myself I am quite prepared to express a personal opinion if he wants it.

The Honourable Mr. Srivastava : There are three points in item no. 3 and these have been dealt with in the report.

Chairman : I would start with the point about the fixation of minimum price, and that, I understood, we have to a certain extent discussed already.

Mr. D. P. Khaitan : Sir, would you allow a discussion on an alternative proposal that I wish to make ?

Chairman : If the discussion on this does not proceed, certainly there will be time for it. Do you think any further discussion on the minimum price problem is likely to bring out more reasons or arguments ? I think most of the representatives have expressed their views and I understand most of the representatives of cane growers want a fixation of price and most of the representatives of the sugar factories want no fixation of price. As to zoning and licensing I do not think we can ask the conference to discuss these unless there is a demand from some part of the conference that these be discussed.

The Honourable Dr. Gokal Chand Narang : I should like to say a few words. *Prima facie*, zoning will injure the agriculturists and it will benefit the factories. And speaking from the personal point of view only, that is, from the point of view of the sugar manufacturers, perhaps it will be good with certain qualifications, but it will almost ruin the agriculturists. In the supplementary note which was circulated to us, we find on page 60 the opinion of the Tariff Board, and I will just read a few lines from it.

" Competition between factories is the only definite safeguard which the cultivator possesses for the maintenance of cane rates and it would appear inequitable to deprive him by statute of this guarantee unless effective statutory provision could be made for the rates which should be paid for cane. As we have seen any such provision would be extremely difficult to enforce, generally we feel that the question of the distribution of cane, areas of supply and the fixation of zones is a matter to be determined by the factories concerned and we believe that the problem is not insoluble if, as may be hoped, an effective association of manufacturers comes into being as a result of the introduction of protection ".

The Hon'ble Minister from the United Provinces is probably aware that there is a sort of qualified zone system already in existence. For instance, the millowners have come to an agreement that no outsider should fix his weighbridge at a place where a factory exists and that convention has been fairly well established. Hardly any breach of this convention takes place so that it is already a sort of limited kind of zoning which is in existence. Then there is another trouble and it is this. If zoning takes place it may be that the factories may also suffer, and it is in this way. Supposing floods destroy the cane crop or drought destroys it, the factory, if it is restricted to a particular area will have no cane to crush ; and I am sure the Hon'ble Minister does not wish that in those circumstances the factory concerned should not be allowed to import cane from outside that zone. Then again, suppose in a particular zone there is more cane grown by the cultivator than can be absorbed by the factory situated in that zone.

Chairman : Are you supporting the majority or the minority view on this point ?

The Honourable Dr. Gokal Chand Narang : I am emphasising the view expressed by the majority. I am saying that really zoning is not necessary. It would act to the detriment of the agriculturist more than the factory owners whom it may benefit in certain conditions, except that in exceptional cases it may injure the factories also, *e.g.*, in case drought or flood or disease destroys the

cane. In that case the factories will also be injured. Otherwise the factories will benefit by the zoning system, and if I were to speak on behalf of the manufacturers of sugar I would welcome zoning. But I think it would be most unfair to the cultivator to restrict him by zoning. He would not find any outlet for the cane which cannot be taken over by the factories and thereby he would suffer a great loss. I think therefore the Honourable Minister should really not think of zoning at all.

The Honourable Diwan Bahadur Kambli : I quite agree that zoning in certain cases may prove beneficial to factory owners, but it will surely be detrimental to the cultivators in various ways as pointed out by the last speaker. I am therefore emphatically of opinion that zoning should not be resorted to at all.

Mr. D. P. Khaitan : The alternative proposal that I wanted to submit was this. Let not the impression go abroad that the manufacturers are opposed to the interests of the sugarcane growers. I may at once submit that those of us who pay a fair price to the agriculturists are ourselves hurt by reason of some factories not paying the same amount of price to the agriculturists. But if we have opposed the fixation of price it is on other grounds and because we feel that it is impracticable and unsuitable to the needs of the agriculturist. It is necessary that this matter should receive careful consideration not only in the interests of the agriculturists and of the country as a whole but also in the interests of the manufacturers, and it is not desirable that we should plunge upon any hasty action which may be detrimental to the interests of all concerned. I therefore suggest that some scheme may be devised whereby this matter can be thoroughly considered. One idea occurs to me, namely, that an *ad hoc* committee may be appointed who will give sufficient care and attention to this problem so that the condition of the industry may be stabilised, so that the agriculturist may get sufficient advantage out of it, and also so that the consumers' interests may not be adversely affected. In view of the fact that the manufacturers really want to give their whole-hearted co-operation to a proper scheme of this character I suggest that the co-operation of the manufacturers may be sought in this matter and a committee appointed. I have not thought out the names of those persons who should constitute this committee, we can sit for two or five minutes and decide upon the names, but I feel that this matter does require very careful handling, and the only way in which I think it can be done is by the appointment of an *ad hoc* committee on which the manufacturers should be properly represented, on which all sides of view should be properly represented. It is possible to devise schemes which will benefit all concerned and will not be such that one's interests will be injuriously affected and another's interests will seemingly be advantageously affected, but in our opinion will really be injuriously affected. I do not like schemes of that character. So, let the matter be thoroughly investigated and a proper scheme devised. If this method appeals to you and other members of the conference we can further discuss the details about it, namely, as regards the constitution of the committee and how it should meet. I am anxious to avoid as much expenditure as possible. The committee can meet at Cawnpore or anywhere else. It requires time, it requires deeper consideration.

The Honourable Sardar Sir Jogendra Singh : Do you suggest a provincia or an all-India committee ?

Mr. D. P. Khaitan : Not a provincial committee.

Chairman : The suggestion is an extraordinarily good one and the spirit underlying it is one which one cannot commend too much, and I have not the slighest doubt that Honourable Members present in this conference will take note of it. Possibly in some provinces already committees of some sort on these lines exist, but if they do not, it is an idea which ought to be fully explored. But All-India organisations are not altogether to be encouraged. A temporary meeting may be brought about in order to bring various provinces together for a few days to understand each other, but on the whole, it would be best to have provincial organisations the framing of which must necessarily be left to the responsible Ministers in the provinces. So far as central organisation is concerned, there is the Imperial Council of Agricultural Research and its Governing Body, and I understand there is a Sugar Committee on that body and I have no doubt that every effort will be made to see that all interests are brought together. That brings me to something which you wanted the conference to take up for discussion, something that is not on the agenda. What is it exactly ?

The Honourable Sardar Sir Jogendra Singh : The use of the bi-product known as molasses. But before you take up that subject I wish to support the very valuable suggestion made by Mr. Khaitan and I think it would help the provinces greatly if we had a definite view recorded of this conference that provinces should constitute such a committee to regulate prices in the provinces themselves.

Mr. D. P. Khaitan : That was not my suggestion. (Laughter.)

Chairman : On that point I have already made a statement and I have no doubt the conference would like the matter to be left there.

A paper has been given to me signed by a large number of members present here in these terms :

" This Conference recommends to the Government of India—

(*i*) that steps be taken to provide facilities to Indian sugarcane factories and sugar refineries for the manufacture of alcohol for admixture with petrol and for utilization for industrial purposes ;

(*ii*) that legislation be passed requiring that no petrol be sold in India unless it has in it an admixture of perscribed percentage of power alcohol manufactured from molasses produced by sugarcane factories and refineries in India."

The Hcnourable Diwan Bahadur Kumaraswami Reddiyar : They have not all signed the resolution ; they have merely agreed to the subject being discussed.

Chairman : As this matter has been put forward in the form of a resolution and the subject was not on the agenda and was not put on the agenda although it was suggested for discussion, I cannot possibly allow the resolution

to be moved. I thought what you wanted was to bring certain points to the notice of the conference. I may have agreed to that by a favourable interpretation as the lawyers say, but in view of this I am afraid it would be best to leave this matter being discussed in a more formal and regular manner when it is put on the agenda. I understand the subject is under the consideration of the Sugar Committee of the Governing Body of the Imperial Council of Agricultural Research, that is to say, it is not a subject which has escaped attention. As a matter of fact, as soon as the report of the Sugar Committee is made public you will realise that we have done a good deal of work on that subject. I do not think any useful purpose will be served by a desultory discussion unless there is a wish just for an expression of feeling. But that will not do much good.

The Honourable Sardar Sir Jogendra Singh : The only good it might do is to bring to the notice of the Government of India the desire of both the sugar cane growers and the sugar manufacturers on this point and also the views of this conference on the matter to show that a large amount of molasses is running to waste at present.

Chairman : That has been already brought to the notice of the various departments of the Government of India. That is also being discussed by the Sugar Committee of the Governing Body of the Imperial Council of Agricultural Research.

The Honourable Sardar Sir Jogendra Singh : The Government of India is going to take action?

Chairman : The Government cannot say whether it is going to take action or not, but the matter is being dealt with by some department of the Government of India or other. If you can discuss the matter without in any way interfering with the present revenues of the Government of India you are welcome to do so, and it would be interesting to hear how you would protect the present revenues. If you have any ideas about it, let us have them, but if you have not any, no useful purpose would be served by a desultory discussion on a matter which is really an extraneous one.

The Honourable Sardar Sir Jogendra Singh : I would submit, as the note that has been submitted reveals, that there is a general consensus of opinion in this conference that this matter needs the very urgent attention of the Government of India. Now, you have raised another issue, and that issue is that we can only discuss this matter further if it does not affect the finances of the Government of India. That matter I do not think is within the range of discussion of this conference. We can only discuss this matter from the point of view of the cane grower and the manufacturer, and as you have permitted discussion.

Chairman : I have not permitted discussion yet.

The Honourable Sardar Sir Jogendra Singh : If you would permit discussion, I should like to bring to your notice what has been done in this matter in other countries.

The Honourable Diwan Bahadur S. T. Kambli : With your permission, I would like to discuss one subject, namely, that a cess at a rate of four annas per cwt., of sugar produced in this country should be imposed and the proceeds of such a cess should be utilised for the purpose of research, propaganda and demonstration just as is done in the case of cotton.

Chairman : There are two subjects and only fifteen minutes. I shall be very glad to hear the views of members, so long as the revenues of the Government of India are safeguarded. What you suggest is that there is a way of dealing with the problem of molasses which will safeguard the existing revenues of Government derived from petrol and enable factory owners to agree to an excise which will provide funds for research. If so I shall be very glad to hear your views.

The Honourable Sardar Sir Jogendra Singh : The Chairman has permitted discussion provided our recommendations do not interfere with the revenue of the Government of India. Taking a large view of the finances of the Government of India, I think that if making use of the molasses adds to the prosperity of the agriculturist it must add to the revenue of Government. The consumption of petrol is increasing and if an admixture of alcohol cheapens petrol, its consumption will increase and give the Government of India a larger revenue, while the consumer will gain by cheapening of petrol. The consumer at present has to pay a very heavy price. Petrol in India is sold at a much higher rate than in England and the admixture of alcohol will cheapen the petrol supply for the consumer. This increased consumption will add to the revenue which the Government of India may derive from it.

The Honourable Sir Frank Noyce : What is the cost of making this alcohol ?

The Honourable Sardar Sir Jogendra Singh : Mr. Lownie will be able to enlighten you on this subject. What we are suggesting is not a new thing. Almost all sugar producing countries have taken action. I would draw your attention to an article which appeared in the International Sugar Journal in which the progress of the alcohol industry is described. France, Germany, Hungary, etc., have passed legislation on this subject making it compulsory for a petrol company to utilise power alcohol. Molasses has now become a waste product. It will add to the income of the agriculturist and bring more revenue to Government if it is turned into power alcohol. I earnestly appeal that the Government of India may be pleased to give immediate attention to this problem.

Mr. J. M. Lownie : Central legislation might also be introduced to deal with what, in my opinion, is going to restrict the development of the industry more than any other factor. I refer to molasses, now unsaleable. If factories have not sufficient storage accommodation for a normal season's production, they will have to close down prematurely and what is then to happen to the ryots' cane crop ? I leave it to the members of the conference to envisage the position. Burning is a possible outlet but a doubtful one. As a manure

raw molasses are worse than useless. It would do the land more harm than good and the ryots would not take it. The manufacture of power alcohol means many distilleries, and, having made a satisfactory power alcohol, the next question will be marketing it. The outturn of molasses in 1934-35 is estimated at 500,000 tons or 13½ million maunds of molasses capable of producing nearly 40 million gallons of spirit. The petrol consumption in this country is estimated at about 70 million gallons. Power alcohol can only be used with petrol in the proportion of about one of spirit to 4 of petrol and the petrol industry, an indigenous industry, just as much as sugar naturally will have objections to having to utilise spirit for sale with petrol. When Madras and the Bombay Presidencies and the Indian States increase the number of their factories and therefore the production of molasses, what is to be the position? About a maund of molasses will produce 4 l. p. gallons of spirit. The cost of production of power alcohol will depend entirely on the value that is placed on molasses. Molasses at the present moment are practically unsaleable. Many factories still have in stock last season's production and the difficulty is how to dispose of it. Molasses of one year's production must be disposed of before the next season commences and the problem of disposing of molasses is going to be a very serious one. Those factories situated on the banks of rivers run the risk of being prosecuted for pollution of rivers and the wasting of this bi-product in this manner is uneconomic. We foresaw this position two years ago and also what the expansion of the sugar industry was going to mean in the production of molasses and the disposal of molasses. Bengal for many years was able to absorb the comparatively small quantity of the outturn of the factories in Northern India but the economic condition of the people and the very large increase in the production has led to the present position. The failure of the tobacco crop in Bihar through damage from hail also destroyed a potential outlet. It is not worth while a contractor's paying for containers which are usually kerosine oil tins costing about 5 annas each and holding about 20 seers. With the railway freight added, he loses heavily in taking it to the market. In this country the cost of producing power alcohol will be almost entirely the manufacturing cost *plus* freight on molasses from the point of manufacture to the distillery, as molasses at present have no value.

The Honourable Dr. Gokal Chand Narang: Cannot Benzene be used?

Mr. J. M. Lownie: Benzene, by which I mean the product of an Oil Refinery, is expensive and not as a rule used in internal combustion engines; but Benzol, which is also sometimes termed "Benzene", and which is a product of the distillation of Coal Tar, is largely used in England in internal combustion engines, mixed with petrol or with power alcohol. If Benzol is used with power alcohol as a motor fuel, petrol would not be required; therefore, Petrol Companies would not help in the distribution of a motor fuel that is a mixture of Benzol and power alcohol.

As regards power alcohol, it would be to the advantage of the Petrol Supply Companies to purchase it, mix it with petrol, and distribute it, but of course, that would reduce the quantity of petrol sold by the Petrol Supply Companies, some of whom after all, are indigenous Indian Companies.

Mr. W. O. Wright : Without going over the ground covered by previous speakers there are two points in connection with the matter now being discussed by the conference to which I would like to draw attention. One is that a large proportion of the petrol used in this country is imported, and if it is possible to replace this imported pertol by power alcohol it would largely assist India to reduce our adverse trade balance. Secondly, it has been said that 13 million maunds of molasses produced in India would make about 40 million gallons of power alcohol. I do not think for one moment that the whole of that or even half of that would be turned into power alcohol, because it will mean very expensive distilling plants which some manufacturers will not be prepared to put down. Further, considerable quantities of molasses are already used to produce country spirit in curing tobacco and to a small extent for other purposes, so that the quantity of molasses which we wish to be turned into power alcohol would not by any means be a very large proportion of the molasses to be produced in India. Mr. Lownie also mentioned that the sale of petrol in India was about 70 million gallons. In the year 1931-32 the sale of petrol was estimated to be 73 million gallons, in the year 1926-27 it was 36 million gallons. Therefore during the period of 6 years the petrol consumption in India has been doubled and we can look for a similar rate of increase in future so that it is not really a very great hardship to the oil industry in India if some part of the increasing demand for spirit for industrial and motor power was provided by alcohol from molasses. Particularly if means were found by which this alcohol should replace imported petrol.

Mr. D. P. Khaitan : After what has been said by Mr. Lownie and the speaker from Madras, there is hardly anything more for me to say and therefore I do not like to take up the time of this conference by delivering a long speech. I would only like one fact to be impressed in the mind of everybody present here and it is this. The way in which you can really benefit all classes, namely, the agriculturists, the manufacturers and the consumers, is to find a way out of the difficulty in the disposal of the bi-product, *viz.*, the molasses. The Honourable Minister from Bombay put a question to Mr. Lownie as to whether it is not desirable to carry on a research about other uses of molasses. I would submit that research has already been carried on in a large number of countries and when a house is on fire we should not begin to sink a well. That is a very good Indian proverb. When the house is on fire we must use the water that is available. The sugar manufacturers are not able to dispose of the molasses and they do not know where to throw it away all the time. The agriculturist is being injured, the manufacturer is being hurt and the consumer does not get the advantage of low prices of sugar. In these circumstances, we ought to utilise the experience of a large number of other countries in the world where the best use that they have found for molasses is to convert them into power alcohol and have prescribed it by legislation that no petrol can be sold in the country which has not a certain prescribed percentage of power alcohol mixed with it. There should be no difficulty in doing this. As has already been pointed out, the quantity of power alcohol that we shall get from the molasses will not be unduly large, and, so far as the oil company is concerned, we have got to look into the interests of both the sugar manufacturer and the oil company. But if the interests of one clash with the interests of the

other, justice should be done to both. But in the circumstances that prevail in India, I associate myself with what has been said by the representative from Madras that even the oil company will not suffer by a legislation of this kind having regard to the fact that a large quantity of petrol comes from Soviet Russia and from America. This power alcohol will be manufactured within the country out of Indian raw material and with Indian labour and with Indian genius. So, it is a thing which should be used in preference to the petrol imported from places like Soviet Russia and America. As regards the revenue to the Government of India, it has already been said by the previous speaker that a way may be found out so that the revenue of the Government of India may not suffer. I hope, Sir, that you as the President of this conference and the other Honourable Members of the Executive Council of the Government of India who are listening to this discussion will seriously and sympathetically consider this most important proposal that has come before this conference about which there can be no controversy and about which there is an agreement on all hands.

Chairman : That concludes the discussion of expression of opinion on this matter. I do not think there is time for the research work.

The Honourable Diwan Bahadur Kambli : Sir, we are not unfamiliar with the imposition of cesses by the Central Government. As a matter of fact, we have got a cotton cess already. We know also that the proceeds are being earmarked and utilized for a particular purpose in the case of cotton cess. My proposal is that on the lines of these cesses we ought to impose a cess not exceeding 4 annas per cwt. of white sugar produced in this country which is expected to yield an amount of about 26 lakhs of rupees per year. We expect that this figure will soon be doubled as the sugar industry progresses and ultimately the proceeds from such a cess would amount to about 52 lakhs per year. I propose that this amount should be earmarked and should be utilised for purposes of research, for the purpose of improving the quality of the cane and the process of manufacturing sugar in this country. The proceeds of the cess should also be utilized for demonstration and propaganda. Ultimately, the results of research will bring to the grower of the sugarcane some assured benefits, and to the manufacturers increased profits; and also sugar will be supplied to the consumers at a cheaper rate than now, provided the results of the research carried out prove to be successful. I hope that the manufacturers of sugar will not oppose the imposition of this cess. The amount of the cess is very small as compared to the benefit that they now enjoy and I trust that this conference will receive this proposal with approval. It may be argued that the Imperial Council of Agricultural Research is engaged at present in carrying on research in sugar. But the resources of the said Council are limited; the Imperial Council Agricultural Research cannot be expected with its limited resources to carry on research in sugar to the extent and on the scale that the situation demands. Therefore a special cess on the white sugar produced in this country is absoluetly necessary to provide funds for carrying on research demonstration and propaganda on an intensive and extensive scale for the ultimate benefit of the cane grower, the manufacture of sugar and the consumer at large.

Mr. J. M. Lownie : I should like to say a word about this proposal. The Honourable Member from Bombay suggests a cess. This cess, let me

point out, is on the white sugar industry. There is no provision presumably for collecting a cess from the Khandsari sugar manufacturer or the *Gur* manufacturer whose production is very much more than that of the white sugar manufacturer. The white sugar industry already pays a cess to Government in the shape of income-tax which is over 25 per cent. of the profit and the Khandsari sugar industry escapes the payment of income-tax being agricultural. It has already been proposed that the white sugar industry should pay a minimum rate for cane. With decreasing prices for sugar and no sale for molasses, the industry cannot stand so large a cess as the Honourable Minister from Bombay suggests, *i.e.*, 4 annas cwt. A telegram has been read out from Calcutta. In that telegram the maximum price of sugar was suggested as Rs. 7 a maund and the minimum rate for cane As. 8 per maund. If a factory obtains an extraction of 9 per cent. it will require 11 maunds of cane at 8 annas, that is, Rs. 5-8-0 per maund of sugar for raw material alone, which leaves only Rs. 1-8 for the manufacturing cost and freight, say, to Calcutta, which is about Annas 12 a maund of sugar. If a cess is instituted it must be a smaller one than is suggested by the Honourable Minister from Bombay.

The Honourable Dr. Gokal Chand Narang : May I say one word in reply to what the Minister from Bombay said. If you want to have a cess you should have it on the bi-products of molasses because the question under consideration is molasses.

The Honourable Diwan Bahadur S. T. Kambli : The Chairman has allowed this subject to be discussed as a separate matter altogether.

Chairman : Gentlemen, this concludes the business that has been placed before the conference. There is one point more and I do not know whether I can suitably call it business. It has been suggested to me that there is a general desire prevailing amongst the people artistically inclined in Simla to have a photograph taken of the members of this conference. I believe I may assume that the conference has no objection to itself being photographed. I think it will not be possible for us to re-assemble here after you have been photographed and therefore I would just like to say a few words as to the pleasant time we have had here with you. I have not the least doubt that the discussions that we have had here will prove helpful to every province that is represented here. My colleagues and I have derived an immense benefit from being present at these discussions. We have learnt a great deal and I am sure what we have learned will be very helpful to us whenever we have to discuss any of the matters in which the conference has been interested. I now thank you all for all the trouble you have taken in coming here and in taking part in these discussions and wish you good luck on your return to your provinces. I wish you every success in the task that is ahead of you. (Applause.)

The Honourable Mr. P. T. Rajan : May I be permitted on behalf of Madras and if I am permitted by other provinces to offer our sincere thanks to you and the Government of India for having convened this conference. No tangible results have been arrived at in this conference, nevertheless the

conference has been able to have the benefit of the opinions of representatives from various provinces which are part and parcel of the sugarcane industry. The discussions have helped the provinces to understand each other and to know the conditions prevailing in various provinces of India. To this extent, this conference has indeed been very instructive. I should have liked to offer some more remarks on the proceedings of the conference but I am afraid the time is rather short and I will close my speech by expressing once more the thanks on my behalf and on behalf of the other provinces for the kindness shown to us by you not only in this conference hall but elsewhere.

Mr. S. P. Rajagopalachari : Sir, on behalf of the Indian States I wish to associate myself most sincerely with the sentiments expressed by the Honourable Mr. Rajan. The States also are extremely obliged to the Government of India for asking us to come here and I may say that we have been immensely benefited by the discussions that have been going on here for two or three days. We are also obliged to you for your kindness, courtesy and the consideration with which you treated the delegates.

The Conference then terminated.

APPENDIX I.

Summary of the proceedings of the meetings of the Sugar Conference held on the 10th and 11th July, 1933, relating to items 1 to 4 of the Agenda.*

The following resolution was moved by the Honourable Khan Bahadur Saiyid Muhammad Husain, Minister, Bihar and Orissa, and accepted by a majority of votes :—

Whereas the recent development of the sugar industry in India has been rapid, although it cannot be said to have been excessive, and whereas, owing to the general fall in prices of agricultural produce there has been a natural tendency towards an increase in the area under sugarcane, this Conference is of opinion—

(*i*) that when the modern factories now under construction are working at full capacity, it is likely that these and existing factories will produce sufficient white sugar to meet the existing demand for white sugar,

(*ii*) that in view of the consideration that whilst the potential supply of raw material is very large, the demand for sugar in India is limited, further extensions should be carefully watched in the interests of the establishment of a sound industry, and

(*iii*) that if the production of sugarcane expands beyond the actual requirements it would be extremely difficult, and indeed almost impossible, for any reasonable level of prices for *gur* to be maintained.

2. In the course of discussion it was recognised that, although the calculations made by the Sugar Technologist showed that the output of the factories now in existence or under construction will ultimately be equivalent to the quantity of white sugar which is at present consumed in India, there may be greater demand for factory made sugar because of the existing demand for *khandsari* sugar and even *gur* being replaced, at least partially, by factory-made sugar. It was also pointed out that an outlet had to be found for the utilisation of sugarcane which was grown on a more extensive scale than before as a result of the fall in the prices of other crops. The representatives of Madras, Bombay, Punjab, Mysore and Hyderabad were, therefore, generally inclined to the view that the establishment or extension of the sugar manufacturing industry in these provinces or Indian States would be desirable in the interests of agricultural economy, whatever the position in the United Provinces and Bihar and Orissa may be. In holding this opinion they were also influenced by the consideration of benefit to the consumer, who would be able to buy sugar at a cheaper rate from a local factory, as expenditure on freight from long distances would be avoided.

Subject II.—The opinion expressed by all representatives of sugarcane growers, by all Honourable Ministers except the Honourable Dr. Gokal Chand Narang and by officials was that the benefits of the protection granted to the sugar industry had not as a rule been fairly distributed between different interests and that the sugarcane grower had received less than his fair share. A large majority of the representatives of the sugar manufacturers present considered that the benefits of protection had been fairly distributed between the different interests.

Subject III.—The Honourable the Chairman invited the Honourable Ministers or other representatives of Provincial Governments and States present, to say whether in the opinion of their Governments legislation or other action by Local Governments to regulate the relations between sugarcane growers and sugar manufacturers was necessary or desirable. The statements made showed—

(1) that the United Provinces Government considered legislation to be both necessary and desirable and that the introduction of such legislation was contemplated ;

(2) that the Government of Bihar and Orissa considered that legislation would be impracticable and against the interests both of the industry and of the cane growers ;

* This summary was placed before the Conference on the 12th July.

(3) that the Mysore Government had come to the conclusion that it was desirable to take steps to regulate the growth of the sugar industry in the Mysore State and also to regulate the relations between cane growers and sugar factories ;

(4) that the Hyderabad State agreed with the attitude of the Mysore State ; and

(5) that in the Punjab, Bengal and Madras no occasion for decision on this question had yet arisen. In Bombay legislation is under contemplation the object of which is to assist sugarcane factories to acquire or lease land in order to ensure an adequate supply of fresh raw material.

APPENDIX II.

Report of the Committee.

After a preliminary discussion in the Conference on items 3 and 4 of the agenda, a Committee consisting of the following persons was appointed to assist the Honourable Minister for Agriculture, United Provinces, in the consideration of the desirability of the action contemplated in that province and to report to the Conference :—

The Honourable Mr. J. P. SRIVASTAVA, Minister for Agriculture, United Provinces, *President.*

Mr. B. C. BURT, C.I.E., M.B.E., I.A.S.,

Mr. RAM CHANDRA, C.I.E., M.B.E., I.C.S.,

Mr. H. C. PRIOR, I.C.S.,

Mr. J. M. LOWNIE,

Mr. HAR SAHAI GUPTA,

Mr. S. P. RAJAGOPALACHARI,

Mr. P. B. ADVANI, and

Mr. R. C. SRIVASTAVA.

The Committee met at 3 P.M. on Tuesday, the 11th July, 1933, under the Chairmanship of the Honourable Mr. J. P. Srivastava, all members being present.

2. The majority of the Committee are agreed that if a fair price is not being paid for sugarcane to the growers by some of the factories in the United Provinces as is stated by the Honourable Minister for Agriculture, United Provinces, some measure aiming at the fixation of a minimum price is desirable and necessary. It is well recognised that the determination and notification by Government of a minimum price for cane based on the ascertained price of sugar would present no grave difficulties, but the practical difficulty lies in ensuring that the growing receives the prescribed price. The majority of the Committee agree generally with the United Provinces proposals in paragraphs 15, 16 and 17 of their memorandum* in regard to the fixation of prices, including the methods for enforcing it, subject to the condition that the commission of contractors should be paid by the factory and should not be deducted from the prescribed minimum price. Two members thought that the responsibility for the minimum price reaching the cultivator should rest with the factory and that the contractor should be regarded merely as an agent of the factory. Mr. Prior said that he had no authority to express any opinion on the proposals of the United Provinces Government but, in his personal capacity, he was ' doubtful whether it was practicable to enforce the payment of a minimum price to the actual cultivator.

3. The Committee next discussed the question of zoning as set forth in paragraph 9 of the United Provinces memorandum. In the opinion of the Committee, zoning is not a necessary condition to minimum price fixation, but, if any system of zoning is adopted, the fixation of a minimum price is a necessary adjunct. Mr. Burt does not consider zoning

* Appendix III.

essential to the development of cane cultivation in th › neighbourhood of a factory, as alternative means exist. He considers that zoning would place too big a power in the hands of an unscrupulous factory owner. He would be in favour of the regulation of sites for new factories by the local Government. The majority, while agreeing with the first two opinions expressed by Mr. Burt, are opposed to any system of control, regulation or licensing of factories. Mr. Prior said that he had no authority to express any opinion on the proposals of the United Provinces Government, but that in his personal capacity he did not consider any system of zoning or licensing of factories as likely to be of benefit to the cultivator.

4. The Honourable the Chairman asked the Committee whether the United Provinces Government should proceed with the fixation of a minimum price for cane even though the Bihar and Orissa Government is not in favour of such a procedure. The Committee felt considerable difficulty in expressing an opinion and suggested that this important matter of principle should be referred to the Conference for advice.

J. P. SRIVASTAVA.
B. C. BURT.
RAM CHANDRA.
H. C. PRIOR.
J. M. LOWNIE.
HAR SAHAI GUPTA.
S. P. RAJAGOPALACHARI.
P. B. ADVANI.
R. C. SRIVASTAVA.

APPENDIX III.

MEMORANDUM CIRCULATED TO MEMBERS OF THE CONFERENCE BY THE HONOURABLE MR. J. P. SRIVASTAVA, MINISTER FOR EDUCATION, UNITED PROVINCES.

Introductory.

1. The present position of the sugar industry in the United Provinces is far from satisfactory. It is true that a large number of new sugar factories have been started in the province. But the main object of the tariff, which was to enable the cultivator of sugarcane to get a suitable price for his cane and so to avert the danger of economic unrest has not been fulfilled. In some cases factories are giving absurdly low prices for the sugarcane which they purchase and making large profits. In the majority of cases however the price paid by a factory does not reach the grower; the latter gets a very small amount, while the contractor makes big profits.

2. Another unsatisfactory feature of the present situation is that factories tend to cluster together instead of spreading out with the result that on the one hand there is unnecessary competition among them paticularly at the beginning and the end of the season and on the other the benefits from these factories can only reach a very limited area.

3. The first question that has to be considered is whether anything should be done by Government in order to secure organized all round development, and to enable cultivators in all cane growing areas in the province to desrive benefits from the tariff imposed on imported sugar on their behalf.

The need for action.

4. While realising that the present position is unsatisfactory, a number of persons consider that Government should not interfere in any way and leave matters to be righted in due course by the action of economic laws. They point out that Government have never done anything before in the case of other industries and contend that there is no reason why Government should do so now.

5. But this school of thought, which believes in letting things adjust themselves, fails to appreciate that incalculable harm may be done both to the grower and to the factory which is trying to develop on sound lines. The tariff was imposed primarily to help the cane grower, but our landlords and tenants are deriving little benefit therefrom. Sugar factories, owned largely by capitalists from outside the province are reaping big profits at the expense of the well-being of the grower, at the expense of soil fertility and at the expense of the future of the industry and the welfare of the country as a whole. There can be no justification for retaining the tariff, unless the growers can get a reasonable share of the profits which are going to the factories.

6. In fact, as things are today, the duty or rather its misapplication by many factories is lowering the whole standard of fertility of areas where cane predominates. Sufficient manure is not given, as it does not pay the grower at the price he realises to manure adequately; ratoon crops are largely grown and hardly farmed at all; thus the inherent fertility of the soil depreciates. Cane is being grown at present at the expense of our soil fertility reserve and we are therefore heading for disaster. It is essential to secure for the grower a price that will not only help him to maintain but to increase the fertility of the soil and to grow his cane at higher intensity.

7. In short, a policy of inaction or drift is unfair to the growers, unfair to existing factories, unfair to the future well-being of the province. It has in it the seed of agrarian revolt—to avoid which was one of the aims of the tariff. Suitable action must therefore be taken.

8. The question however arises as to what this action can or should be, as a practical proposition. The only solution that has hitherto been suggested is that arrangements should be made for zoning and at the same time for assuring a fair price to cultivators. Cane growers desire to have a minimum price fixed for sugarcane, but strongly object to a system of zoning; millers on the other hand consider zoning to the essential and consider the fixation of a minimum price impracticable. It is however necessary to examine both suggestions and to see to what extent the difficulties anticipated are insurmountable.

Zoning.

9. Zoning may be secured by assigning to each factory an area of operations or zone from which alone it may draw its cane supplies; a factory may not obtain cane from outside the zone without special sanction. The factory would not be bound to take the whole of the cane produced in the zone; it would only take as much as it needs, and the surplus would be disposed of as at present, *i.e.*, in making *gur* or *khandsari* sugar. The factory would normally arrange for its full supply of cane beforehand in accordance with its probable requirements; this would be bonded cane for the supply and receipt of which both parties are bound by agreement; both parties are protected in so far as the factory is bound to take this bonded cane and the cultivator to deliver it.

10. The object of zoning is two-fold. Unnecessary friction and competition between neighbouring factories can be avoided and it will result in securing organised instead of haphazard development, for before a factory is started the zone to be assigned to it will have to be decided. Thus more or less automatically congestion will be removed and factories will spread out. The other advantage is that the factory will have an incentive to develop its zone from the point of view of cane cultivation without fear of a new factory being started in the neighbourhood which would take advantage of its pioneering activities. For instance, a factory wants early ripening cane at the beginning of the season and a late ripening variety at its end. It can encourage the cultivation of these varieties in its zone and nurse the same—to the mutual benefit of both the growers and itself: if another factory can draw upon this zone it would have no incentive to do so.

11. Objections to zoning are of two kinds. There are some who consider it impracticable to enforce, others go further and consider it unnecessary or even harmful to the interests of the cultivators.

12. The practical difficulties do not appear to be very serious. The size of the zone would be fixed in relation to the crushing capacity of the factory by a committee consisting of two representatives of growers, two of the factory and one nominee of Government.

Even if this requires the taking out of a license or permit by new factories this is not likely to put off prospective factories, as it is in the interests of the factories themselves not to start in unhealthy competition with others when large tracts containing sugarcane are awaiting development. There would be no prohibition against the making of *gur* or *khandsari* sugar in the zone; hence there is no problem about the surplus cane. There need be no fear that the grower will not sell to the factory, for if he can get a reasonable price there is no reason why he should not do so; and a special provision can be made for obtaining cane from outside the zone in exceptional circumstances. No provision is necessary for compelling cultivators to sell to the factory; but a factory will have to take and the cultivator to supply the bonded cane, contracted for before the beginning of the crushing season. Of course a factory will have to organize and regulate its supplies so that it may get its cane at the right time, but it has to do that even now.

13. Zoning will certainly give a greater sense of security to factories. But will it help cane growers? It has been argued that the removal of competition will place the growers completely at the mercy of the factory. It might however be contended with equal force that it places the factory at a disadvantage if it can only purchase from a small local area; growers in a small area can combine and bring pressure to bear on the factory; at present any such attempt can easily be defeated by the factory bringing in its cane from a distance of 40 or 50 miles. In fact the whole idea of the zone is to remove competition and ill-feeling, and let the factory regard the zone as its own and develop it in the joint interests of both; if either party does anything unfair, there will be trouble for both. The very existence of the zone would tend to foster good mutual relations. The factory with its zone would be like a resident landlord who is the guardian of the villagers; without a zone it is like an absentee landlord who has no interest in the locality save to get his rent.

14. Apart from that, it must not be forgotten that zoning does not stand by itself but goes along with the fixation of a minimum price. If such a price is fixed, the objection urged against zoning loses its force. Even if it is considered by growers that zoning is unnecessary it should be accepted by them on the ground that it is the one condition on which they can secure the agreement of factories to the fixation of a minimum price. Zoning combined with price fixation, eliminates the old economic ideas of endless competition and war, and introduces an element of peace and stability in industrial organization.

Minimum prices.

15. There is no particular difficulty in the United Provinces about laying down what the minimum price to be paid for sugarcane should be. It is not so much a minimum as a fair price for cane of standard quality. The generally accepted formula is suitable for this province. It lays down that the price of cane in annas per maund should be $S \times P/200$, where P is the price of sugar in annas per maund and S the average extraction of sugar from sugarcane of all vacuum pan factories in the province during the previous year. There is perhaps no objection to laying down a uniform fair price for the whole province in accordance with this formula; if necessary the figures could be varied with the time of year at which the cane is delivered, though a uniform rate throughout the season would doubtless be better.

16. The real point however is not in laying down the rate but in enforcing it. It is very unlikely that factories will be able to pay less or take receipts for more or will resort to such a device; no will cultivators, once they know what the legal minimum is, agree to give back the money they receive. A system of pass books has been adopted by some factories and this could easily be extended and applied to all.

17. The danger however is not that the factories will not pay the fair price fixed, but that it will not reach the actual growers. The best course is for a factory to purchase cane direct from the growers; this however needs a certain amount of organization to ensure regular and constant supplies. Hence factories employ contractors whose main business is to regulate these supplies. A system of licensing of contractors might provide that the licensee should pay to the actual grower from whom he gets the cane at least 90 per cent. of the price he receives from the factory. The licence of a contractor who fails to comply with this condition would not be renewed. Here again the contractor would be

responsible for giving out pass books to all growers in which the amount of cane supplied by them and the money paid to them would be duly entered.

18. A further development would be that the contractor would be replaced by co-operative societies; the whole zone supplying cane to a factory could be organized co-operatively. Co-operative societies would take the contract for the supply of the whole of the cane required and arrange with their members for its supply. There would thus be no practical difficulty in connexion with incorrect payments or wrong weighments or anything of the kind.

19. It might be asked as to why similar arrangements cannot be made co-operatively even without zoning and the fixation of prices. Attempts to this effect have been made in the United Provinces in two districts and have not been very successful; the difficulty is that if a factory can get cane cheaper from elsewhere, it naturally does not like the intervention of co-operative societies. Moreover without a zone, it is impossible to organize co-operative societies for the whole supplying area—for a factory can easily arrange to get its cane from a distance of 30 or 40 miles where there is no co-operative society.

20. It must however be realized that the fixation of a minimum price is a complicated matter and lends itself to numerous abuses. It may therefore be advisable not to prescribe a fair price for all factories but to apply it by notification only to specific factories where gross abuse is noticed. The advantage of such a course is that this section of the law could have to be enforced in a few cases only and the mere possibility of the issue of such a notification would act as a warning and prevent factories from giving low prices.

Conclusion.

21. The problem is front of us is to secure fair treatment for both the grower and the miller. As things are at present there is little chance of things adjusting themselves without causing undue damage in the meanwhile, Government which imposed the tariff must therefore intervene in the best interests of the industry and the country. The only practical solution hitherto put forward is zoning coupled with the laying down of a fair price for cane, which would protect the grower and at the same time give a measure of stability to factories. It will not be possible to have one without the other; and both millers and growers should compromise their differences and agree to this solution which is just and fair to the claims of both parties.

22. A rough draft bill has been prepared and is attached. It is in a crude state and has not been fully considered; it is put forward however not as a definite proposal but solely to serve as a basis of discussion.

AN

ACT

For the control in certain matters of sugar factories and sugar growers.

WHEREAS the previous sanction of the Governor-General under section 80-A, sub-section (3) of the Government of India Act has been obtained to the passing of this Act;

It is hereby enacted as follows:—

Short title, extent and commencement.

1. (1) This Act may be called the United Provinces Sugar Industries Safeguarding Act, 19 .

(2) It extends to the territories for the time being administered by the local Government of the United Provinces.

(3) It shall come into force on

Definitions. Sugar factories to be licensed.

2. In this Act unless there is something repugnant in the subject or context,—

(1) "Prescribed" means prescribed by rules made under the Act.

(2) " Factory " means in section 3 any premises wherein or withihn the precincts of which there is carried on the manufacture of sugar from cane, jaggery or any other raw material and working by the vacuum pan process or any process connected with such manufacture,

and in the other sections of the Act the occupier of such premises.

(3) " Occupier " includes a managing agent or other person authorized to represent the occupier.

(4) " Landholder " and " tenant " shall have the same meaning in Agra as in the Agra Tenancy Act and in Oudh as in the Oudh Rent Act.

Sugar factories established at the commencement.

3. (1) After the commencement of this Act (*a*) no factory shall be established and (*b*) no operations shall be carried on in any factory except under licence from the local Government.

Sugar factories established at the commencement of the Act to be entitled to licences.

(2) Every factory established and in operation at the commencement of the Act shall be entitled to receive a licence provided that application is made in the prescribed manner within a period of three months next following the commencement of the Act.

Assignment of areas of operation.

4. (1) At the time of issuing the licence the local Government shall in accordance with the recommendation of a committee consisting of two representatives of cane growers, two of the factory and one nominee of the local Government assign an area of operations to each factory licensed under this Act.

(2) No factory shall without the sanction in writing of the local Government buy sugarcane grown outside its area of operations.

(3) When an area of operations has been assigned to a factory under this section neither the whole nor any part of such area shall be assigned to any other factory.

5. No factory shall buy sugarcane from any person other than—

(*a*) the landholder or tenant upon whose land the sugarcane was grown, or

(*b*) a contractor licensed under the provision of section 6 of this Act.

Licensed contractors.

6. Subject to rules made under this Act the local Government may by licence authorise any person to buy and sell sugarcane in any area assigned to a factory in accordance with the provisions of section 4.

Minimum prices.

7. The local Government may from time to time by notification published in the official gazette, fix the minimum price at which factories or contractors or any particular factory or factories or any particular contractor or contractors shall buy sugarcane for any particular class or classes of sugarcane.

Inspectors.

8. (1) The local Government may by notification in the local official gazette, appoint such persons as it thinks fit to be inspectors of factories within such local limits as it may assign to them respectively.

(2) No person shall be appointed to be an inspector under sub-section (1) or having been so appointed, shall continue to hold the office of inspector, who is or becomes directly or indirectly interested in a factory or in any process or business carried on therein or in any patent or machinery connected therewith.

(3) The District Magistrate shall be an inspector under this Act.

(4) The local Government may also, by notification as aforesaid, and subject to the control of the Governor-General in Council, appoint such public officers as it thinks fit to be additional inspectors for all or any of the purposes of this Act within such local limits as it may assign to them respectively.

(5) Every inspector shall be deemed to be a public servant within the meaning of the Indian Penal Code and shall be officially subordinate to such authority as the local Government may indicate in this behalf.

XLV of 1860.

9. The local Government may delegate to any inspector or other officer of Government the right to exercise any powers vested in the local Government by this Act.

10. (1) The local Government shall make rules consistent with this Act regulating the assignment of areas of operation and the issue of licences under sections 4 and 6 of the Act.

Rules.

(2) The local Government may make rules for the purpose of carrying into effect the purposes of this Act, and in particular and without prejudice to the generality of the foregoing power, such rules may provide for .....

APPENDIX IV.

A draft bill to provide for the fostering and development of the Sugar Industry in Mysore.

Whereas it is expedient to provide for the fostering and development of the Sugar Industry in Mysore and to take power for the purpose of controlling and regulating factories engaged in the manufacture of sugar; it is hereby enacted as follows :—

Preamble.

1. (1) This Regulation may be called the Sugar Factories Regulation, 1933.

Short title, extent and commencement.

(2) It extends to the whole of Mysore ; and

(3) it shall come into force in such local areas and from such dates, as the Government may by notification in the *Official Gazette*, direct.

2. (1) In this Regulation, unless there is anyting repugnant in the subject or context,—

Definition.

(*a*) ' Sugar Factory ' means any factory as defined in the Mysore Factories Regulation, 1918, in which sugar is manufactured and wherein not less than twenty persons are simultaneously employed on any one day in the year.

(*b*) ' License ' means a license granted under this Regulation and ' Licensed ' and ' Licensee ' have corresponding meanings.

(*c*) ' Prescribed ' means prescribed by rules made under this Regulation.

3. The Government may, by general or special order, declare for the purposes of this Regulation what articles or substances containing any saccharine matter shall be deemed to be sugar.

Definition of sugar.

4. (1) It shall be lawful for the Government to grant to any person or persons on such conditions and for such periods as may seem fit licenses for the manufacture of sugar.

Licensing manufacture of sugar.

(2) Such conditions may prescribe among other things the place where the factory is to be located, the area within which the operations of the factory should extend and the price or prices at which the factory shall purchase sugarcane.

(3) The Government shall have the power to frame rules for fixing the price or prices at which sugarcane shall be purchased by a factory.

5. (1) It shall not be lawful for any person after the expiration of three months from the coming into force of this Regulation to carry on the business of manufacturing sugar except under the authority and subject to the terms and conditions of a license granted in accordance with the provisions of this Regulation.

Prohibition against the establishment and maintenance of factories without a license.

(2) A license shall remain in force unless and until it is suspended or revoked.

(3) The Government may revoke or suspend any license granted in accordance with sub-section (1) if they are satisfied that the conditions of grant are not properly fulfilled.

(4) The decision of the Government shall be final on the following questions, *viz.*:—

(*a*) whether or not a license may be granted ; or

(*b*) whether or not any of the conditions to be fulfilled are properly complied with.

Power to require information and for inspection of documents.

6. (1) The Government may by general or special order require the applicant for a license or a licensee or any person who, being a director, partner, proprietor, manager or officer of, any factory, who is able to give any information as to the constitution, control or management of the factory or the business carried on in the factory, to furnish such information within such time as may be specified in the order.

(2) Any person authorised by the Government in this behalf may, for the purpose of verifying or obtaining information of the nature referred to in sub-section (1), inspect any books and documents belonging to or under the control of such factory, the inspection of which may be reasonably required for the said purpose.

Power to make rules requiring returns.

(3) The Government may, by notification in the *Official Gazette*, make rules requiring the owners of sugar factories in Mysore to make such returns relating to the production of sugar in their factories as the Government may consider to be desirable, prescribing the form of such returns, the dates of their submission and the authority to which they shall be submitted.

Penalties.

7. (1) Any person who carries on the business of manufacturing sugar in contravention of this Regulation shall be punishable with fine which may extend to one thousand rupees.

(2) Any person who,—

(*a*) refuses or neglects to furnish any information which by an order under Section 6 is required to be furnished within the time specified in such order or knowingly furnishes any such information which is false in any material particulars,

(*b*) having the custody of any book or document which a person is authorised to inspect under Section 6 refuses or neglects to produce the book or document for inspection, or

(*c*) fraudulently uses or permits to be fraudulently used any license issued under this Regulation,

shall be punishable with fine which may extend to two hundred rupees.

(3) Where the person guilty of an offence under this Regulation is—

(*a*) an association or firm, every partner, member, manager or secretary and other officer thereof who is knowlingly a party to the default, and

(*b*) a company, every director, manager secretary and other officer thereof is knowingly a party to the default,

shall also be guilty of the like offence and liable to the like punishment.

(4) The Government may take possession of any factory wherein manufacture of sugar is carried on without a license issued under this Regulation and confiscate the machinery used for that purpose.

8. No suit or other legal proceedings shall be instituted against any person in respect of anything which is in good faith done or intended to be done under this Regulation.

Bar of suit where acts are done in good faith.

9. (1) The Government shall make rules for the purpose of carrying into effect the provisions of this Regulation.

Power to make Rules.

(2) In particular and without prejudice to the generality of the for egoing provisions such rules shall provide for—

(*a*) the levying of fees in respect of licenses framed under this Regulation,

(*b*) the conditions and limitations subject to which a license may be granted,

(*c*) the manner of fixing the prices at which sugarcane shall be purchased by a factory, and

(*d*) any matter which under this Regulation may be prescribed.

M93EHL—550—13-9-33—GIPS

REPORT

ON THE

Working of the Indian Emigration Act, 1922 (VII of 1922), the Rules issued thereunder and of the Labour Ordinances of Ceylon during the year 1932.

By

THE AGENT OF THE GOVERNMENT OF INDIA IN CEYLON.

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Annual Report of the Agent of the Government of India in Ceylon for the year 1932.

I have the honour to submit, for the information of the Government of India, my Annual Report for the year 1932.

CHAPTER I.

Indian Immigration to and Emigration from Ceylon.

2. *Decline in immigration.*—A black year to the industries of this Island, 1932 has given cause for satisfaction to those persons who profess to be scared by the flow of immigration from India to Ceylon. Immigration reached its high water mark in 1927 when 159,398 Indian estate labourers passed through Mandapam Camp. Since 1927, however, there has been a steady decline. Only, 50,869 Indian labourers came to Ceylon in 1932 against 68,337 in 1931 and 91,422 in 1930. This figure is by far the lowest since 1923 and clearly reflects the depressed state of the main industries of this Island. The total number of Indian estate labourers (including dependants) in Ceylon at the end of 1932 was 650,577 against 682,358 in 1931. Of these 209,789 were men, 200,518 were women and 240,270 were children. These figures indicate how universal family life is among Indian labourers in Ceylon.

3. *Departures to India.*—The number of departures to India exceeded the number of arrivals from India. 58,157 Indian estate labourers returned to India in 1932 against 75,866 in 1931. I enclose two statements (Appendices I and II) showing month by month the number of arrivals from and departures to India during the last 10 years.

4. *Nett immigration.*—Appendix III is a statement showing the figures of nett immigration during the last decade. It will be seen that in every year from 1923 to 1929 arrivals exceeded departures. Indeed in 1927 there was an excess of 71,917 arrivals. In 1929 the excess had fallen to 3,867, while in each succeeding year departures outnumbered arrivals by over 7,000. In 1932 the actual figure by which immigration fell short of emigration was 7,288.

5. *Repatriation.*—In normal times repatriates fall under two classes, namely, those repatriated by the Agent of the Government of India within one year of their arrival in Ceylon and those repatriated under the Ceylon Government Scheme for the repatriation of sick and indigent labourers. The number of repatriates under both these categories was higher than in any previous year. Under the former category I repatriated 364 persons in 1932 against 296 in 1931; while under the

Scheme for the repatriation of sick and indigent labourers 6,943 persons were repatriated against 4,772 in 1931. Details of these repatriations are given in Appendices IV and V. In addition to these normal channels of repatriation a Special Scheme of repatriation was inaugurated in the closing months of 1930 to meet the depression in rubber and consequent unemployment among labourers. In 1932, 6,744 labourers were repatriated under this Scheme against 10,645 in the previous year. Details of repatriation under this Scheme are given in Appendix VI. Towards the end of 1932 a similar but modified scheme of repatriation was adopted for labourers on tea estates. Where, owing to the closure of an estate or the substantial reduction of its labour force, a larger number of labourers was thrown out of employment than could be absorbed in the neighbouring districts, any labourer and his dependants who desired to go back to India could be repatriated at the expense of the Immigration Fund. Only 257 labourers were repatriated under this Scheme during the last five months of 1932. This arrangement has now been replaced by a more liberal scheme of repatriation under which any labourer, who has been discharged from the estate on account of the depression or is dissatisfied with the reduced scale of wages, is entitled to be sent back to India.

6. *Nature of repatriation.*—While the benefits of free repatriation are not extended to those labourers who merely wish to go back to India for a holiday at the expense of Government or the Immigration Fund on the score of some fictitious dissatisfaction with conditions on estates, no obstacles are placed in the way of deserving cases. Indeed it would be callous to deny them repatriation, for the one thought that comforts the majority of the repatriates who return to India penniless and emaciated is to see their native village once more before they die. The nonchalance and fatalism of the Indian labourer may be gauged from the fact that two returning women labourers gave birth *en route* to India, one in a crowded compartment in the train and the other on board the steamer between Talaimannar and Dhanushkodi. As for the labourers repatriated to India for want of employment in Ceylon, they appear to have settled down in their villages without noticeable distress. Weather conditions in South India were favourable and food stuffs cheap. Besides, the Mettur Irrigation Project is expected to absorb a considerable number of labourers from the recruiting districts.

7. *Indians other than estate labourers.*—This chapter on Indian immigration will not be complete unless at least a passing reference is made to Indians other than estate labourers in Ceylon. Their numbers too have dwindled. Economic forces have brought about a restriction of Indian immigration in all its facets. Indians in the Island, no less than Ceylonese, have been severely hit by the depression. Profits have shrunk; the over-dreaded Income-Tax has come; and several well-known firms have failed. The year caused acute anxiety to the Nattukottai Chettiyars who, however, heaved a sigh of relief when the Secretary of State for the Colonies refused his assent to the Judgment-Debtor's Bill, which had been hanging like the sword of Damocles over the heads of all financiers for more than a year. With the increase of

unemployment in Ceylon, Indian workmen in towns occasionally became the targets of attack, and uncharitable, but abortive attempts were made to exclude them from the benefit of the schemes for the relief of unemployment. Repatriation was dangled before their eyes; but in the case of those Indians at any rate who had served in Ceylon for long periods and have practically lost touch with their mother country, compulsory repatriation would have amounted to deportation. As for the Malayalees, the very qualities which render them invaluable as porters, gardeners, toddy tappers and domestic servants appear to have made them unpopular. They have now organized themselves into a Malayalee Mahajana Sabha, with 44 branches and 6,927 members, under the energetic guidance of their President, Mr. P. R. Kurup. Their numbers have diminished; and many avenues of employment, which had hitherto been open to them, are closed. Yet they are subjected to anti-Indian effusions which, however, are confined to an obstreperous minority. The over-whelming majority of the inhabitants of this Island, bound to India not merely by economic but by racial and spiritual ties, are only too willing to stretch the hand of friendship to their Indian brethren. It, therefore, behoves the more enlightened Indians in Ceylon to identify themselves with the people of the land they live in and actively share their hopes and aspirations lest they should be regarded as birds of passage gathering rose-buds while they might.

CHAPTER II.

Recruitment.

8. *Machinery for recruitment.*—There are few countries in the world which are so happily placed as Ceylon in respect of the recruitment of labour. Within a day's journey from the Colony lies a compact area, of which Trichinopoly is the centre, which provides the great industries of the Island with a fine type of labour, cheap, efficient, hard-working and law-abiding. The arrangements connected with the recruitment of labourers in India for estates in Ceylon are in the hands of the Ceylon Emigration Commissioner who is stationed at Trichinopoly and has his Assistants at Madura, Salem, Trichinopoly, Vellore and Mandapam. Mandapam Camp continues to be the place of accommodation, under Rule 31 of the Indian Emigration Rules, 1923, for the port of Dhanushkodi. There is at Mandapam a Protector of Emigrants, appointed by the Government of Madras, whose main function is to protect and advise all emigrants proceeding to or returning from Ceylon. There is also a Medical Inspector who has certain specific duties in connection with the examination of emigrants proceeding to or returning from the Colony. The representative of the Ceylon Emigration Commissioner at Mandapam is the Camp Superintendent who is now entrusted with the duties of Quarantine Medical Officer as well. There is also a Resident Medical Officer appointed by the Emigration Commissioner with the approval of the Medical Inspector. Both the Medical Officer and his Assistant belong to the Ceylon Medical Service and perform the duties of Assistant

Quarantine Medical Officers as well. This elaborate machinery under the dual supervision of the Governments of India and Ceylon is calculated to ensure the protection and comfort of emigrants on their journey to Ceylon. Dr. Naidu of the Ceylon Medical Service continued to be the Superintendent of the Mandapam Camp. The energy and sympathy displayed by him in the discharge of his duties have won the admiration of all visitors, official and non-official, to the Camp. The office of the Protector of Emigrants was held by Mr. Dharmalingam Pillai whose zeal for the strict enforcement of the Emigration Rules is matched by his sympathy for the labourers passing to and from Ceylon.

9. *Recruitment in 1932.*—As early as 1930 recruitment for rubber estates was stopped on account of the depression. In 1931 recruitment for mid-country and low-country tea estates too was severely restricted. Since up-country estates also came under the wave of depression in the second half of 1932, it was felt that there was no justification for continuing to recruit at all. Accordingly all recruitment save under exceptional circumstances has been stopped from November 1932. Only 2,580 recruiting licenses were endorsed by me during 1932 as compared with 5,181 in 1931 and 14,380 in 1930. A statement is enclosed (Appendix VII) showing the number of recruiting licenses endorsed by the Agent from 1924 to 1932.

10. *Source of recruitment.*—A statement is attached (Appendix VIII) showing the districts in India from which estate labourers emigrated to Ceylon during the years 1924 to 1932. The overwhelming majority came as usual from the Tamil districts. The Telegu districts contributed 235, the Malayalam districts 130 and Mysore only 17. The rest, numbering nearly 50,500, came from the Tamil districts including the State of Pudukottah which contributed 3,792 labourers. Among the Tamil districts Trichinopoly as usual headed the list with some 20,000 labourers. Salem was a bad second with a little over 10,000 labourers.

11. *Irregular recruitment.*—Twenty-one suspected cases of irregular recruitment against 23 in 1931, 12 in 1930 and 11 in 1929, were forwarded by me to the Protector of Emigrants, Mandapam, for action under Section 28 of the Indian Emigration Act, 1922. Seven cases were pending from the previous year. All the 28 cases were disposed of during the year. In 12 cases the allegations of irregularity were not substantiated on enquiry by the Protector of Emigrants, either because the recruit or the Kangany was not traceable or for other reasons. In 11 cases, though the allegations were found to be true, prosecution was not entered, but departmental action was taken by the cancellation of the Kangany's license and the suspension or fining of the Village Munsiff who was privy to the irregular recruitment. Prosecutions were launched in the remaining 5 cases. In 1 case a recruiter was sentenced to 8 months' rigorous imprisonment and a fine of Rs. 25 for recruiting a married woman under false pretences. In two other cases the recruiter was sentenced to 3 months' rigorous imprisonment. In one case the accused was discharged and in another the District Magistrate recommended that the matter be dropped though he was convinced that a forgery had been committed.

12. *Amendment to the Emigration Act.*—An important amendment to the Indian Emigration Act was carried out in 1932. Section 25 (2) (*b*) of the Act penalized a person who "induced or attempted to induce any person to emigrate or to attempt to emigrate or to leave any place for the purpose of emigrating". The Courts held that inducement was an essential element of the offence with the result that, in cases where actual inducement could not be proved, the prosecution failed and the delinquent "kangany" escaped scot-free. Act No. XVI of 1932 substituted the words "causes or assists or attempts to cause or assist" for the words "induces or attempts to induce". The penal section, as thus amended, is an important weapon for dealing with cases of unclean recruitment.

CHAPTER III.

MINIMUM WAGES ON RUBBER ESTATES—THE PERTH ESTATE CASE.

13. *Survey of rubber during 1932.*—Throughout 1931 hopes had been entertained that some measure of prosperity might be restored to the rubber industry by devising a scheme of restriction, acceptable to British and Dutch producers. Early in 1932 this last ray of hope was extinguished by the following announcement, issued by the Colonial Office in London:—

> "The British and Netherlands Governments in association with representatives of Rubber Growers in British and Dutch overseas territories have been engaged in negotiations in order to see whether a practicable scheme for the improvement of the rubber situation could be devised. In the course of these negotiations the British and Netherland Governments have consulted the Governments of Ceylon, Malaya and the Netherlands Indies. After a careful review of the situation the two Governments have been forced to the conclusion that under present conditions it is impossible to frame and operate an international scheme which would guarantee the effective regulation of the production or export of rubber".

The Chairman of the Rubber Growers' Association resigned himself to the inevitable in the following words:—

> "We recognize that the international regulation of production, however desirable, however advantageous, has been shelved, possibly for all times".

The rumours and counter-rumours regarding Anglo-Dutch negotiations, which agitated the rubber market in 1931, were thus finally set at rest; and rubber pursued its even tenour of decline. The average price of Ceylon rubber fell from 13½ cents. in 1931 to 11 cents. in 1932. Exports from Ceylon fell from 62,295 tons in 1931 to 49,272 tons in 1932. The exports in 1929 and 1930 were 80,476 tons and 75,602 tons respectively. Thus in Ceylon there has taken place a natural, as

opposed to artificial, restriction of nearly 40 per cent. in exports since 1929. If there were a similar reduction in output in Malaya and the Dutch East Indies, the rubber industry in 1932 might have provided a less melancholy record; but the Malaya figures for 1932 show no more than a 10 per cent. reduction from their highest output and the Dutch East Indies, 20 per cent. However, some comfort may be derived from Messrs. Symington and Wilson's forecast that in 1933 "consumption and production would balance for the first time since 1928".

14. *Payment of minimum wages on rubber estates.*—With rubber selling at such low prices it was impossible to enforce the payment of minimum wages on rubber estates. The most that could be done was to see that the wages of labourers were not reduced appreciably below the subsistence level. At the same time free repatriation was offered to those labourers who were dissatisfied with their remuneration.

15. *The Perth Estate case.*—The law itself provided a loophole for effecting an indirect reduction in the wages of labourers on rubber estates. It was contended that the minimum wage was fixed for a working day of 8 hours, and that if a labourer was offered work and worked for only 6 hours he would be entitled to only six-eighths of the minimum wage. Tappers on rubber estates, whose work could be finished in six hours, were the class primarily affected by this ruling. However fair this might seem in a time of acute depression, such as the present, it was felt that if this principle was accepted and extended it would result in the negation of the object of the Minimum Wage Ordinance, namely, the maintenance of a certain standard of life among Indian labourers. Accordingly a test case was taken against the Superintendent of Perth Estate for paying certain labourers at less than the minimum rates of wages. This resulted at first in the acquittal of the Superintendent by the Police Magistrate, Panadura, in March 1932. An appeal was filed against the decision of the Magistrate. It was at first argued before Justice Garvin, but in view of the importance of the case both to the planting and the labouring communities, it was eventually referred to a Full Bench of the Supreme Court, consisting of the Chief Justice and Justices Garvin and Dalton. The result was that the decision of the lower court was reversed. The Superintendent was convicted of an offence under Section 11 of the Minimum Wage Ordinance and ordered to pay the difference between the amounts actually paid by him to the labourers and the amounts which should have been paid at the minimum rates of wages.

16, *Significance of the Perth case decision.*—The judgment of the Supreme Court throws a flood of light not merely on the Minimum Wage Ordinance (Ordinance No. 27 of 1927) but on the previous ordinances affecting Indian labour. Indeed Ordinance No. 27 of 1927 is but the last and most important link in a chain of Ordinances, stretching back to 1865, and has expressly to be "read and construed" with the earlier Ordinances. According to the Chief Justice "neglect of this elementary rule (by the lower court) has occasioned most of the difficulties in the case." Perhaps the most important provision of the earlier law, which the Solicitor-General who argued the appeal in

the Perth Estate case described as "the Indian labourers' Magna Charta", is contained in Section 6 (2) of Ordinance No. 13 of 1889 which ensures to the labourer 6 days' work in the week "whether the employer was or was not able to provide him with work". The Minimum Wage Ordinance and the Notification issued thereunder go further and fix minimum rates of wages for time work. As for piece work the Ordinance lays down that the wages of a labourer employed at work other than time work shall not be less than the wages payable to him at the minimum rates of wages prescribed under the Ordinance. The object of these provisions cannot be stated better than in Justice Dalton's words. "The purport of these Ordinances" says Justice Dalton, "read together, and very shortly put, is to assist estate employers of labour to obtain an adequate and regular supply of labour on settled terms, and to guarantee to labourers able and willing to work a definite amount of work per month, for which they are to be paid regular wages at a daily rate not less than a certain sum (which of course may be varied from time to time) for a day's work of a definite number of hours. The Supreme Court has found that under the Minimum Wage Ordinance *pro rata* wages are illegal and that even if a labourer agrees to work for less than 8 hours (and the evidence regarding the existence of such an agreement in the Perth Estate case is characterized by Justice Dalton as "most unsatisfactory and quite inconclusive") he must be paid the full minimum wages and not a ratio thereof. There is not a shadow of doubt that the intention of the Legislature is to secure to the Indian labourer a minimum living wage; and this object cannot be achieved if it is open to the employer to give a labourer less than 8 hours' work a day and on that ground to deny him the full minimum wage. The Perth Estate case was pressed not, as captious critics have assumed, to harass the planting community in a time of depression, but to remove a legal camouflage which would have clouded the principles on which the minimum wage is based.

CHAPTER IV.

Reduction of minimum wages.

17. *State of the tea market.*—Exactly fifty years ago there appeared in the "India Tea Gazette" in November, 1882, the following passage which has an ominous modern ring about it :—

> "Natural causes at work have led to the inevitable increase of quantity and this has tended to bear down the market. We have not availed ourselves to the extent that we should have done of the Australian and American markets."

These very factors, over-production and insufficient demand, combined with world depression to make the year 1932 a disastrous one for tea. Over-production is to be met shortly by a scheme of restriction and the regulation of exports, while the Tea Propaganda Board, which came into being in 1933, is out to explore fresh fields and pastures new for the advertisement of Ceylon tea. The prices obtained for tea in the first quarter of 1932 did not

compare unfavourably with those of the previous year ; but by the middle of 1932 it almost seemed as if tea was going the way of rubber. One particularly disturbing feature was that even high grown tea fetched comparatively poor prices. Up-country tea planters, who in 1931 complacently pitied their struggling brethren in mid-country and low-country areas, were themselves caught up in a wave of depression which affected Superintendents, clerks, conductors and labourers with impartial severity. Up-country tea which opened with an average of 64 cents closed with an average of 49. The total average of all grades of tea was 42 cents as against 57 in 1931. It is therefore no wonder that a cry for the further reduction of minimum wages gathered strength by the third quarter of 1932.

18. *Previous reductions in wages.*—In order to appreciate the arguments for and against a reduction or suspension of minimum wages, it is necessary to review not merely the state of the tea industry but the previous reductions in wages. The rates of wages originally fixed were as follows :—

——	Men.	Women.	Children.
Up	54	43	32
Mid	52	41	31
Low	50	40	30

In May 1931, owing to the phenomenal fall in the price of rice the Government of India agreed to a reduction of 5, 4 and 3 cents respectively in the wages of men, women and children provided rice was issued at Rs. 4·80 instead of at Rs. 6·40 per bushel. This reduction represented not so much a reduction as a readjustment of wages in consequence of the reduced price of rice. The first real reduction in wages occurred with effect from the 1st February 1932. No reduction was effected on up-country estates, but the wages of labourers on mid-country and low-country estates were reduced on the assumption that there was a fall of 16 and 17 per cent. respectively in the cost of living in articles other than rice. The rates in force since the 1st February 1932 have been as follows :—

——	Men.	Women.	Children.
Up	49	39	29
Mid	43	35	25
Low	41	33	24

19. *Pros and cons for a further reduction of minimum wages.*—With the rapid decline of the price of even up-country tea in the second half of 1932, it was obvious that up-country estates could no longer be excluded from a scheme of reduction. Mid-country and low-country estates too stood in need of greater relief than was afforded

to them in the early part of 1932. Many estates and even companies were tottering and had no reserves to fall back upon. It is true that the estates were themselves partly to blame for not providing for a rainy day; and it is to be hoped that the present crisis has taught them the need of taking a little more thought of the morrow when dividends are being distributed. But the fact remained that at the end of 1932 the choice lay between the closure of many estates on the one hand and a reduction of minimum wages on the other. It was not as easy to close down a tea estate as rubber. While a rubber estate suffers little from neglect, a tea estate, unattended, turns into jungle. From the labourers' own point of view an extensive closure of estates, followed by extensive unemployment, would have caused hardship. Repatriation was a poor panacea in the case of those labourers who had lost touch with their mother country. The minimum wage however, is a minimum wage and not a standard wage; and the only circumstance that can justify its reduction is a fall in the cost of living. As already stated, wages on mid-country and low-country estates had already been reduced in February 1932; and since that date there was no such fall in the cost of living as would justify a substantial reduction in wages. Moreover, a reduction of minimum wage was by no means the only method whereby estates had endeavoured to reduce a labourer's monthly remuneration. In certain districts the practice of employing labourers for less than six days in the week assumed almost disquieting proportions. The mere fact of employing a labourer for five days in the week instead of six means a reduction of 16 per cent in his monthly income. Indeed there were estates which offered no more than four or even three days' work in the week. It was therefore feared that a combination of short wages with short work would result in the permanent impairment of the labourer's standard of life. The position was further complicated by the practice on certain estates of giving one day's name for two days' work to pluckers. However, when due allowance has been made for all these factors, it must be said that by the end of 1932 the plight of the industries was so desperate as to render a reduction of minimum wages an unpleasant but inevitable necessity.

20. *Original proposals for reduction.*—It was by no means an easy task to devise a scale of wages which would at once afford substantial relief to the industries and prevent a serious deterioration of the labourer's standard of life. In November 1932 the Ceylon Estates Proprietary Association submitted a memorandum to the Executive Committee of Labour, Industry and Commerce, in which they recommended the following rates:—

	Men.	Women.	Children.
Up	38	30	20
Mid	35	28	21
Low	33	25	20

These proposals involved a reduction of 11 cents in the case of men and 9 cents in the case of women and children on up-country estates and 8, 7 and 4 cents respectively in the case of men, women and children on mid-country and low-country estates. That such drastic reductions would have irretrievably affected the labourer's standard of life there is little doubt. The Ceylon Estates Proprietary Association, indeed, attempted to demonstrate that it was possible for an up-country labourer to live on Rs. 7·20 a month as compared with Rs. 11·20, provided for in the Ranganathan Budget on which the minimum wage was based. In doing so, however, they not only over-estimated the fall in the cost of living but under-estimated the needs of the labourer. For instance, the quantity of rice allowed to a labourer was reduced from 7/8th bushel to 6/8th bushel; the quantity of various condiments was reduced by 25 to 50 per cent; while provision for coat, pots and pans and festivals was altogether omitted. From rice and clothes on the one hand to matches and coriander on the other hardly any article in the Ranganathan Budget, important or unimportant, was left untouched. An estimate based on such an attenuated budget could hardly be regarded as a fair basis for the revision of wages. It must be admitted, however, that the Ceylon Estates Proprietary Association did not claim that the rates of wages suggested by them were anything more than "emergency rates" which, they erroneously supposed, would not cause any material deterioration in the labourer's standard of life.

21. *Final proposals for reduction.*—After prolonged discussions in the Board of Indian Immigrant Labour and the Executive Committee of Labour, Industry and Commerce the following proposals for reduction were made:—

(1) a reduction of 8, 6 and 4 cents in the wages of men, women and children on up-country estates provided rice was issued at Rs. 4 instead of at Rs. 4/80 per bushel;

(2) a special additional reduction of 2 cents in the case of 114 up-country estates, selected by the Board of Indian Immigrant Labour;

(3) reductions, varying district-wise from 5 to 8 cents in the case of men and women and 3 to 4 cents in the case of children on mid-country and low-country estates.

These proposals were substantially agreed to by the Government of India. The Government of India however demurred to the special additional reduction of 2 cents for certain up-country estates, as they considered that the selection of certain estates for special treatment in accordance with their economic condition violated the fundamental principles on which estates have been classified into up-country, mid-country and low-country estates. To substitute the need of individual estates for the criteria hitherto employed to determine the rates of minimum wages would have been to import confusion into the classification of estates. The 114 estates, referred to above, represent but 7 per cent. of the total up-country acreage. As for mid-country and low-country estates, the Government of India have agreed to a

uniform reduction of 6, 5 and 4 cents respectively in the wages of men, women and children, provided rice was issued at Rs. 4 instead of at Rs. 4/80 per bushel. The district-wise variations in wages, recommended by the Board of Indian Immigrant Labour, were not merely a departure from the present system of having a uniform rate for the three main areas of up-country, mid-country and low-country, but logically unsound and administratively cumbersome. While giving effect to the reductions mentioned above, the Ceylon Government have given an assurance that endeavours will be made to provide labourers with full six days' work in the week, and that a scheme of repatriation will be introduced for a period of two months in the first instance under which labourers dissatisfied with the reduced scale of wages will be repatriated free to India.

22. *Proposed suspension of minimum wages.*—Side by side with the proposals for a reduction of minimum wages, there was also an agitation for the repeal or suspension of the Minimum Wage Ordinance. Though this agitation received support from a certain section of the Press and an unusually vocal section of planters, it did not commend itself to the more enlightened members of the planting community who realize that in the interests of future recruitment as well as of the labourers themselves the repeal of so beneficial a measure as the Minimum Wage Ordinance will be fraught with untoward consequences. The agitation for the repeal of the Minimum Wage Ordinance was finally set at rest by the following statesman-like remarks uttered by His Excellency the Governor at the Annual Meeting of the Ceylon Planters' Association held on the 10th March 1933:—

> "I am aware that many of you are strongly of opinion that the Ordinance should be abrogated or at least suspended on the grounds that it is unsuited to present conditions. I must be perfectly frank with you and say that I am not prepared to give my support to what I should regard as a retrograde step. Whatever its defects may be, the Minimum Wage Ordinance is an important piece of social legislation designed to secure to the labourer a fair living wage. It is by no means as advanced as similar legislation in the Mother Country and to remove it from the Statute Book even temporarily would in my opinion be a grave mistake and do more harm than good to the industry. Moreover, quite apart from the political difficulties, which suspension of the Ordinance would involve in Ceylon, which are quite insuperable, there would not be the slightest prospect of either the Indian or the Home Government agreeing to such a step."

CHAPTER V.

Working of the Labour Ordinances.

23. *The Labour Ordinances.*—In labour legislation, Ceylon, while considerably ahead of India, lags far behind Western or Australasian

countries. There is no Ordinance dealing with the right of association, insurance against accidents, sickness, unemployment or old age. Nor is it certain that all modern social legislation is suitable for an agricultural country like Ceylon. The following are the Ordinances affecting Indian labourers in Ceylon :—

Ordinance No. 11 of 1865;
Ordinance No. 13 of 1889;
Ordinance No. 43 of 1921;
Ordinance No. 1 of 1923;
Ordinance No. 27 of 1927.

Ordinance No. 11 of 1365 applies to all labourers, Indian or Sinhalese working on estates or elsewhere. The other Ordinances apply exclusively to Indian labourers working on estates. Ordinance No. 43 of 1921 was a land-mark in the history of the Indian labourers in Ceylon, as it abolished the notorious "Tundu" system. Ordinance No. 1 of 1923 established the "Immigration Fund" to which are debited all charges in connection with the recruitment, the transport and the repatriation of Indian labourers. It also created the appointment of the Controller of Indian Immigrant Labour and recognized the appointment of the Agent of the Government of India in Ceylon. Ordinance No. 27 of 1927, generally known as the Minimum Wage Ordinance, provided the machinery for fixing rates of minimum wages for Indian estate labourers and effected certain amendments to the earlier Ordinances. In addition, there are certain other Ordinances which deal with cognate matters such as medical wants on estates and the education of estate labourers.

24. *Inspections.*—Estates are visited either on complaints received from labourers or at the request of Superintendents for the settlement of labour disputes. During the year under report I visited 66 estates and covered 4,343 miles. Moreover I had to pay frequent visits to Colombo to discuss matters with the Minister of Labour or heads of Departments. My Assistant visited 73 estates and travelled 4,060 miles. It is obvious, however, that neither I, with one gazetted Assistant, nor the Controller of Labour, with 3 Inspectors, have sufficient staff to carry out anything like a systematic inspection of estates which number 1,504 and are not always easily accessible.

25. *Petitions and complaints.*—Irregularities in the working of the Labour Ordinances are brought to notice by labourers either in person or by means of petitions. The following table shows the number of petitions dealt with by this Agency during the last 9 years :—

1924	1925.	1926.	1927.	1928.	1929.	1930.	1931.	1932.
302	759	758	727	937	956	1411	1859	2016

It will be observed that while the number of petitions remained comparatively stationary from 1925 to 1929 there has been a striking increase in the number of petitions during the last three years. An analysis of the petitions reveals that indebtedness is directly or indirectly responsible for the majority of petitions. Irregularities in connection with the issue of discharge certificates form the most fruitful source of complaint.

26. *Working of the Minimum Wage Ordinance.*—Depression in tea and rubber imposed an almost intolerable strain on the working of the Minimum Wage Ordinance. It must be said to the credit of the planters that despite an artificially manufactured agitation for the suspension or repeal of the Minimum Wage Ordinance, the majority worked the Ordinance, even when they considered it irksome, in good faith. There were, however, a few who attempted to take the law into their own hands and pay the labourers arbitrary rates of wages on the ground that the labourers themselves were not unwilling to receive them. However, the assumption underlying the Minimum Wage Ordinance is that in the face of the powerful and elaborately organized body of employers, the Indian labourers, ignorant, apathetic and utterly disorganized, are at present incapable of looking after their own interests. Therefore to accept the consent or acquiescence of the labourers as a valid excuse for the payment of less than the minimum rates of wages would have been to reduce the Minimum Wage Ordinance to a mockery. In a few cases where minimum wages were arbitrarily reduced, the employers were requested to make good the amounts, short-paid to the labourers; and this they readily did. On one estate, however, the arrears of wages were paid into the labourers' hands, but the labourers were compelled to put back the arrears into the Superintendent's cash box, even as they are sometime forced to put a portion of their wages in the Kangany's "kuttysacku", ostensibly voluntarily, but in reality under the threat that if they refused to do so they would be discharged from the estate. This attempt proved abortive.

27. *Irregularities in the payment of wages.*—The most frequent irregularity in the payment of wages is the tendency to give "half-names" and "no-names". On certain estates the pluckers' chits are returned to them at the end of the day if the quantity plucked by them is not considered adequate; and they are asked to produce the chit the next day. They are thus given 1 day's name for 2 days' work, a "no name" being given on the day on which the plucking fell short of normal. On certain estates the labourers who pluck an insufficient quantity of leaf are given a "half-name". On one estate no less than 515 "half-names" were given in the course of a single month. The judgment in the Perth Estate case leaves no room for doubt that such practices are illegal. Indeed, this was recognised by Mr. Reid, formerly Controller of Labour, who wrote as follows in his pamphlet called "Hints regarding Estate Labour":—

> "A Superintendent cannot legally set aside minimum rates of pay when he thinks that they have not been fully earned

by nine hours' work. If he does so, he acts at his own risk because the Controller may sanction his prosecution.

Incorrigibly idle labourers should be discharged or repatriated, if possible."

Not only is this practice illegal, but in the hands of an over-zealous conductor or a Kangany-ridden Superintendent it is liable to abuse. With the staff available to the Controller of Labour and myself for the inspection of estates, and in view of the ignorance and apathy of the labourers themselves, such abuses would be extremely hard to detect. These are the reasons which induced the Legislature to frame the Ordinance in such a way as to make the labourer's right to the minimum wage irrespective of his actual outturn, provided he has done 8 hours' work.

28. *Separation of families.*—One important question which received attention during the year under report was the possibility of inserting a provision in the law so as to prevent the separation of families on estates. The planting community as a whole is fully alive to the fact that the separation of families is contrary to public policy and detrimental to the good name of the estates of which they are so jealous. Cases, however, have occurred in which the husband is discharged, and the wife is detained on the estate ostensibly for the reason that she is unwilling to accompany him but in reality under the undue influence of the Kangany or some other member of the estate staff. I have occasionally had to assist labourers to take out writs of *habeas corpus* in order that the children may be restored to their lawful guardian. In the Labour Code of Malaya there is a salutary provision which renders the separation of families, or the attempt to separate them an offence. There it is provided that when a married labourer is discharged the husband or wife, as the case may be, should also be discharged. This provision seems to have had the desired effect, for the Agent of the Government of India in Malaya informs me that no case has occurred in Malaya in which the husband or wife of a discharged labourer refused to accompany her or him. The enactment of a similar provision in Ceylon is at present under the consideration of the Executive Committee of Labour, Industry and Commerce.

29. *Prosecutions under the Labour Ordinances.*—I enclose a statement (Appendix IX) showing the number of prosecutions under the Labour Ordinances during the year 1932. The number of Superintendents prosecuted for various breaches of the law was but 8; and the sentences imposed were nominal. One cannot help contrasting the leniency of the punishments generally inflicted on employers charged with offences under the Labour Ordinances with the severity of the sentences passed on labourers for comparatively trivial offences. In one case a labourer, earning 41 cents a day, was fined Rs. 15 for damaging a rubber tree. In another case a labourer was sentenced to 1 year's rigorous imprisonment for presenting a spurious discharge certificate.

30. *Legal aid to labourers.*—It is the rule of the Agency not to undertake prosecution of cases on behalf of labourers or render financial assistance to them unless the cases raise some question of general

importance or there has been an obvious miscarriage of justice and the labourers are too poor to take action themselves. In 1932 I intervened in 4 cases on behalf of labourers. There were 2 cases pending from the previous year. Of these 6 cases, 4 were disposed of during the year. In 2 cases the petition had only to be filed for the parties to come to a compromise and the labourers' claims to be satisfied. In one case a woman labourer was forcibly deprived of her cow and cattle voucher by the Head Kangany with the connivance of the Superintendent of the estate. The case was instituted by my predecessor, Mr. Hydari. After a series of civil and criminal actions spread over three years, the cow and the cattle voucher have at last been restored to the rightful owner. In another case in which a labourer claimed certain wages due to him from an estate, the District Court decreed in favour of the labourer. The Superintendent of the estate, however, has taken the matter in appeal. The case is now pending before the Supreme Court. I have also had to seek legal advice in several other cases in which the interpretation of the law seemed to be in doubt. I am deeply indebted to Mr. C. N. D. Jonklaas, the leading Proctor in Kandy, for the valuable advice and assistance he has given me during the last three years.

31. *Prosecutions of labourers under the Ceylon Penal Code.*—The number of Indians including labourers prosecuted for offences under the Ceylon Penal Code before the Supreme, District and Police Courts was 414, as compared with 484 in 1931 and 515 in 1930. Of these 215 were convicted against 232 in 1931 and 255 in 1930. Considering the total number of Indians in the Island these figures are remarkably low and are an index to the law abiding character of the Indian community resident in Ceylon.

CHAPTER VI.

Indebtedness of Indian Labourers. The Discharge Certificate System.

32. *Indebtedness of Indian labourers.*—In my Annual Report for 1931 I have discussed in some detail the perennial problem of the indebtedness of Indian labourers in Ceylon. Three years' experience has forced on me the conclusion that the discharge certificate agreement is objectionable and that the discharge certificate itself is an anomaly. The Controller of Labour himself is inclined to look askance at the system of issuing discharge certificates; and the Low Country Products Association has recommended its abolition. A large number of planters, however, still hold fast to the discharge certificate with a tenacity which can only be explained by their innate conservatism. There is, however, an enlightened minority, chief among whom is Mr. Gordon Pyper, Vice-Chairman of the Ceylon Planters' Association, which regards the discharge certificate as an unmitigated evil.

33. *Origin of the discharge certificate.—An instrument for settling debts.*—At present the discharge certificate is issued to a labourer

lawfully leaving the estate, in the following apparently innocuous form :—

"This labourer was discharged from the undermentioned estate on.....19.....

.....Estate .....

Date.....19..... Employer".

Indirectly, however, it still serves as a lever for the extraction of debts due to the estate or Kangany.

34. *The discharge certificate agreement.*—Though the employer is bound to issue a discharge certificate there is nothing in law to prevent an employer from engaging a labourer who does not possess one. Yet, by a convention among an overwhelming majority of planters known as the "Discharge Certificate Agreement" no Superintendent subscribing to the agreement is at liberty to employ a labourer unless he produces a discharge certificate. The rules which have been framed to give effect to this agreement are extremely rigid. They prohibit not merely the employment of a labourer without discharge certificate, but the employment of a labourer even with a discharge certificate, if that labourer comes from an estate which has not subscribed to or has violated the discharge certificate agreement.

35. *Objections to the discharge certificate agreement.*—One of the main objections to the discharge certificate agreement is that it restricts a labourer's freedom of movement. There is nothing in the Labour Ordinances to prevent an employer from employing a labourer without a discharge certificate; but under the "discharge certificate agreement" no labourer may be employed unless he has one. This "agreement" therefore creates a disability not contemplated by law.

36. *Experience of the past.*—In 1923 attempts were made to evolve a discharge certificate agreement; but the planters themselves saw its evils and gave up the scheme. The following passage from the Annual Report of the Planters' Association of Ceylon for the year 1923 is of special interest :—

> "The discharge certificate agreement, though excellent in principle, proved to be open to abuses which could not be controlled and it was abolished at the end of the year.
>
> This agreement was undoubtedly being made use of by Kanganies as security against money advanced to labourers and the evils of the old advance system threatened to reappear".

37. *Irregularities in the issue of discharge certificates.*—When a gang of labourers gives notice to leave the estate the Kangany represents to the Superintendent that the labourers owe him a certain sum of money. The Superintendent then deems it his moral obligation to assist the Kangany to recover his debts. The more law-abiding Superintendents content themselves by preaching a homily that the debts must be paid; the more daring make the repayment of debts a condition precedent to the issue of discharge certificates. In some cases the discharge certificates are actually withheld on some pretext or other. It is a

favourite defence of Superintendents that the labourers "bolted" from the estate before the expiry of their notice and that therefore they are not entitled to discharge certificates. What appears on the surface to be a case of "bolting" is often a case of the labourer escaping or being forced to escape from the wrath of a Kangany whose debts have not been settled. Sometimes discharge certificates are refused on the ground that the labourers did not work regularly during the notice period. Here, again, what appears to be a refusal on the part of the labourer to work is not infrequently a refusal on the part of the conductor or the Kangany to give work to a labourer who has given notice. In one such case I assisted the labourer to sue the employer in court. The court disbelieved the Superintendent's version that the labourer voluntarily declined to turn out for work and accepted the labourer's statement that he was refused work. The court therefore ordered the payment of wages for the period the labourer remained without work on the estate and also one month's wages in lieu of notice.

38. *Faked and forged discharge certificates.*—In view of the disproportionate importance attached under the discharge certificate agreement to the production of discharge certificates, labourers have often resorted to the practice of forging discharge certificates or producing faked discharge certificates. In one case a labourer driven to desperation because he was out of employment for 7 months for want of a discharge certificate actually broke into the estate office at night and stole it. The labourer was prosecuted and sentenced to one month's rigorous imprisonment.

39. *Advantages of the discharge certificate system examined.*—It is often stated by planters that the necessity for producing a discharge certificate before a labourer can be employed restricts undue movement of labour. My own experience and the experience of all enlightened planters is that the movement of labourers from estate to estate is almost invariably due to their chronic indebtedness. This is confirmed by the Controller of Labour who, referring to the indebtedness of the labourers, states in his Administration Report for 1930 that "this causes more trouble on estates than any other cause and probably accounts for a very large percentage of the 'bolting' ". To penalize this movement instead of striking at its root causes is merely to drive the disease underground. The only effective antidote to indebtedness is the labourer's freedom of movement; and the discharge certificate is calculated to restrict this freedom.

40. *Conclusion.*—Experience thus shows that the chief purpose which the discharge certificate serves at present is to act as a security for debt. All the remedies that have hitherto been adopted for the mitigation of indebtedness, *e.g.*, the immunity of a labourer from arrest for debt and the abolition of the "Tundu", are based on the salutary principle that all security for debt should be removed. At present the only security for debt which the Kangany possesses is the discharge certificate—a security rendered doubly secure by the discharge certificate agreement. I feel that if this security is removed, the practice of making cash advances will show an appreciable diminution, the movement of labour, instead of increasing, will diminish, the employers

will be less harassed by professional rovers and professional petitioners, the temptation to break laws in the interests of the Kangany will be removed and the labourer will become a free man. Not that a purely negative policy will lead to the Promised Land. The abolition of the discharge certificate should be accompanied by the formation of such beneficent institutions as Savings Banks and Co-operative Societies. The habit of thrift should be encouraged; facilities for saving should be promoted; and the temptations to extravagance on the occasions of marriages, funerals and festivals should, as far as possible, be checked. In the latter respect, a fine and almost virgin field awaits the would-be social reformer, whether planter or layman, if only he would get into touch with and preach the gospel of thrift to the hapless human beings on estates who, to use the words of Mr. Reid, formerly Controller of Labour, "are born in debt, live in debt, and die in debt".

CHAPTER VII.

Vital Statistics.

41. *Births and deaths.*—A statement is attached (Appendix X) showing the births, deaths and infantile mortality among Indian estate labourers as compared with the general population of Ceylon. One interesting feature is that while prior to 1927 birth rates for the Indian estate population were generally higher than those for the total population of Ceylon, since 1927 the reverse has been the case. In 1932 the birth rate among Indian estate labourers was 26·6 per thousand. The lower birth rate among Indian labourers does not mean that they are less prolific than Ceylonese. It is rather an indication of the tendency among Indian mothers to go back to their country for confinement. If birth rates are lower among Indians than Ceylonese, so are deaths. It is a matter for singular satisfaction that the death rate among Indian labourers has fallen progressively from 35·2 per thousand in 1924 to 18·7 in 1932. This improvement, however, is not reflected in the figures of infantile mortality. Infantile mortality has actually increased from 184 per thousand in 1931 to 188 per thousand in 1932, the general average for the Island being 162. There is no question that the rate of infantile and maternal mortality can be considerably reduced by the more extensive employment of trained mid-wives and the construction of lying-in rooms.

42. *Principal causes of death.*—Appendix XI shows the principal causes of death among Indian labourers on estates. Apart from debility, pneumonia as usual claimed the largest number of victims. The change from the dry hot plains of South India to the cold wet up-country districts in Ceylon is more than many labourers, with constitutions already impaired by poverty, can bear, unless all possible precautions are taken. There has been a striking decrease in the number of deaths from dysentery since 1925, due no doubt to the improved water supply on estates. The toll exacted by ankylostomiasis, though less than in the previous year, was comparatively high; and it is

a matter for regret that the campaign against ankylostomiasis on estates did not receive sufficient support from Superintendents on account of financial stringency. "The fact that the labour force generally appears healthy" says the Director of Medical and Sanitary Services "does not preclude the existence of hookworm.....There is no estate in the Island employing immigrant labourers that should be left out of the treatment programme".

CHAPTER VIII.

Health and Housing.

43. *A dismal picture.*—"The year under review" says the Director of Medical and Sanitary Services "provides an even more dismal picture than the preceding year owing to the Tea and Rubber Industries in the Island having reached an absolutely uneconomic level". I am indebted to the Director of Medical and Sanitary Services, who has evinced the keenest interest in health and hygiene on estates, for the figures and most of the comments contained in this chapter.

44. *Housing.*—Overcrowding was practically unknown. Indeed, with the reduction of the labour forces on most estates and the repatriation of labourers, the problem of overcrowding did not arise at all. Few estates had sufficient funds to undertake new constructions, even when they were essential; while existing buildings were in some cases abandoned to neglect. It is a matter for satisfaction that such neglected buildings included many dilapidated and insanitary structures which should have been scrapped by the strict enforcement of the law and are being disintegrated by the logic of the depression. Back-to-back lines have been persistently discouraged by the Medical Department of Ceylon; and one shares the hope of the Director of Medical and Sanitary Services that "they will soon come to be looked upon as relics of the past". In spite of the reduction of the number of scavangers—a somewhat shortsighted measure of retrenchment—the lines and line compounds were maintained in fairly clean condition. Absolute cleanliness however cannot be looked for so long as cooking takes place in the lying-in rooms. "I would particularly stress", says the Director of Medical and Sanitary Services "the importance of separate kitchens which would sooner or later be desired by law".

45. *Estate Dispensaries.*—Owing to the depression and the reduction of the labour force a fair percentage of estate dispensaries had to be closed down. The quality of the dispensers employed on estates has formed the subject of criticism in successive reports. Suffice it to say that in this respect there has been little improvement on estates. Superintendents can no longer plead the absence of qualified officers. "The services of qualified Apothecaries" says the Director of Medical and Sanitary Services, "are now available and it is hoped that estate managers will take the opportunity of improving this branch of Estate Medical Aid".

46. *Infantile mortality on estates.*—Infantile mortality on estates has actually increased from 184 per thousand in 1931 to 188 per

thousand in 1932. This excessive and preventible waste of life among infants was largely due to immaturity at birth and mismanagement afterwards. The chief causes of death among infants were prematurity, debility, convulsions, pneumonia, broncho-pneumonia and diarrhoea. Nothing but the presence of an intelligent mid-wife can save the lives of these infants. There are at present only 89 mid-wives to serve 2,500 estates with a total population of over 650,000. If one mid-wife was to be appointed for every 2,000 persons, some 340 mid-wives would be required for estate service. The construction of lying-in rooms and the employment of mid-wives are matters which should be made legally obligatory, as estates unfortunately paid little attention to them even in times of prosperity.

CHAPTER IX.

Education of estate labourers.

47. *Provisions for the education of estate children.*—Under the law it is the duty of the Superintendent of every estate to provide for the vernacular education of the children of labourers between the ages of 6 and 10, to appoint competent teachers and to set apart and keep in repair a suitable school-room. Two or more estates may be permitted by the Director of Education to combine for the purpose of providing a common school under a joint manager. In 1932 there was only 1 case in which permission was given provisionally to run a joint school. Estates may also be exempted from the necessity of having a school if it appears that the children can be more conveniently educated by means of the schools of the education district in the neighbourhood. No such exemption was made during the year under report. If provision has not been made for the education of estate children it is open to the Director of Education to issue a notice to the Superintendent, calling upon him to make the necessary provision; and if this notice is not complied with within 6 months the Director of Education may cause a school building to be erected despite the Superintendent's refusal. No such notice was issued during the year 1932.

48. *Number of schools and school-going children.*—The total number of registered schools at the end of September 1932 was 544 as compared with 554 in the previous year. The percentage of children of school-going age who attended school also fell from 54·99 in 1930 and 53·99 in 1931 to 50·31 in 1932. The total number of estate children of school-going age for 1932 was 70,598 (40,585 males and 30,013 females) of whom 37,476 (26,715 males and 10,761 females) attended school. The corresponding figures for 1931 were 72,533 (41,435 males and 31,098 females) of whom 39,163 (27,516 males and 11,647 females) attended school.

49. *Effects of the depression on education.*—The decline in the number of schools and in the percentage of children, attending school, is distinctly disappointing. This was mainly due to the continued slump in the rubber industry and the fall in the prices of tea. Not merely the depression in the industries, but the financial stringency of the Govern-

ment of Ceylon has adversely affected education on estates. The registration of schools was but sparingly undertaken. Despite these handicaps the Director of Education has continued to press for the opening of new schools, wherever possible, and has, on the whole, met with encouraging response from estate Superintendents and their Agents in Colombo. However, the apathy of the average parent and the scepticism of certain planters regarding the value of education for estate children are too deeply rooted to be quickly eradicated.

CHAPTER X.

Consumption of Liquor.

50. *Estate taverns.*—It may be recalled that one of the main recommendations of the Excise Commission which published its Report in 1928 was that in the matter of local option, estates and village areas should be treated as separate units. These recommendations were accepted and the necessary rules published in July 1929. A statement (Appendix XII) is attached showing separately the number of estate taverns and estate canteens. Estate taverns are those which serve mainly a population of Indian estate labourers, but in the opening or closing of which estate labourers have no voice. One poll was held in order to close an existing arrack tavern and was successful. Of the 14 polls held for the reopening of taverns none was successful. Whether the closure of taverns has had the desired effect is a matter of controversy. It is stated in the Annual Report of the Planters' Association for 1932 that in a large district where drunkenness among labourers used to be a serious problem, there has been a noticeable improvement in the general deportment of labourers since taverns were closed. "Labourers" says the report, "live better and look better". In another district, however, the closure of taverns was followed by an increase in illicit sales with the result that whereas there were only 9 excise prosecutions in this District in 1930, there were 21 in 1931 and 37 in 1932. The report of the Planters' Association explains this difference between the two districts by saying that "while in the first district it is a long and laborious trek to the nearest tavern, in the latter the difficulty is not so pronounced".

51. *Estate canteens.*—The number of arrack canteens in 1932 decreased by 1 as compared with 1931. This was compensated by the increase in the number of toddy canteens from 2 to 3. The sales in these canteens are reported to have been affected by the depression. Whether they create a temptation for drink where none exists or serve a useful purpose by keeping labour away from illicit sources of supply, it is very difficult to say. The observations contained in the report of the Planters' Association for a previous year are worth bearing in mind :—

> "It would not be advisable that any such canteens should be opened in any estate where the coolies do not resort largely

to the nearest foreign liquor shop and illicit sales in the villages are not of sufficient volume to create a nuisance. In other words, the proper function of estate canteens is to supplant the illicit seller and prevent resort to brandy and gin in place of arrack and toddy, but *not* to create a demand for liquor where none exists".

CHAPTER XI.

Conclusion.

52. *Resumé.*—The year 1932 was the most distressing not merely in the records of this Agency, which is approaching its tenth anniversary, but in the annals of the tea and rubber industries of this Island as well. In 1930 depression affected rubber; in 1931 it spread to mid-country and low-country tea; in 1932 even up-country tea did not escape. The march of depression was punctuated by an increasing demand for the reduction, if not suspension, of minimum wages. In 1930 the reduction of minimum wages was proposed, but abandoned by the planters themselves; in 1931 wages were adjusted in consonance with the fall in the price of rice; in 1932 a reduction of wages on mid-country and low-country estates was effected; and early in 1933 a further reduction on these two classes of estates and a substantial reduction on up-country estates was effected. If the Minimum Wage Ordinance has survived the ordeal at all, it is due in the first place to the wisdom of the working planter to whom nothing is more distasteful than the reduction of the labourer's living wage, and secondly to the elasticity with which the Labour Ordinances have been administered. The Perth Estate case might appear to be an exception; but, as already stated, it was pressed in order to establish the principle that the Minimum Wage Ordinance fixed a minimum wage and not merely minimum rates of wages and to negative the contention which found favour even in official circles that *pro rata* wages were permissible under the Ordinance. The growing severity of the depression is equally reflected in the increasing restriction of recruitment and the progressive decline of immigration into Ceylon. In 1930 recruitment to rubber estates was stopped; in 1931 recruitment to mid-country and low-country estates was severely restricted; and since the second half of 1932 all recruitment save under exceptional circumstances has been suspended. At the same time schemes for the repatriation of superfluous or discontented labour were framed and enlarged to suit changing circumstances. In 1931 only labourers on rubber estates were entitled to free repatriation apart, of course, from the sick and indigent. In 1932, the scheme was extended but slightly to labourers on tea estates; in 1933, with a further reduction of wages, the scheme has been made still more liberal. The more benevolent activities on estates have also received a set-back on account of the depression. Education has suffered; new estate schools are but grudgingly registered; and the percentage of school-going children has fallen from 53·99 in 1931 to 50·31 in 1932. The construction of new lines is practically at a stand-

still; while the lines which have already been built at considerable expense are sometimes abandoned to neglect. No progress has been made in improving the qualifications of dispensers or in employing midwives. The desire evinced by the more enlightened planters for the formation of Co-operative Societies has not found encouragement at the hands of the Ceylon Government on account of financial stringency. In this dismal picture, however, one feature stands out in bold relief, namely, the progressive decrease in the mortality of estate labourers from 25·2 per thousand in 1924 to 18·7 per thousand in 1932. And to turn one's attention from statistics to tendencies, the Tamil labourer has shown that he is as loyal, reliable and, indeed, indispensable in a period of depression as in times of prosperity, while the Ceylon planters has proved himself in an agonizing crisis to be what he is proud of calling himself, "the cooly's friend".

53. *Acknowledgments.*—Difficult as it was the year under report has only strengthened the friendly relations subsisting between this Agency and the Ceylon Government Departments on the one hand and the planting community on the other. The Hon'ble Mr. Peri Sunderam, Minister of Labour, has placed the Indian community in general, and myself in particular, under a deep debt of gratitude for consistently espousing the cause of Indians, so long as it did not come into conflict with the interests of the general electorate by whom he was elected unopposed. I am also deeply indebted to Mr. I. X. Pereira whose valuable, though unobtrusive, services on behalf of the Indian community of this Island are too well-known to need emphasis, and to whom not only myself but my predecessors have always turned for advice and assistance in all questions affecting Indians. Mention must also be made of Mr. Vytilingam, Member of the State Council, who has supported the cause of labour even at personal sacrifice to himself as a proprietary planter; and Mr. Motha, Secretary of the Ceylon Indian Association, who has recently been nominated a member of the Board of Indian Immigrant Labour. My grateful acknowledgments are due in a special degree to Mr. N. J. Luddington, Controller of Labour, with whom I have worked in close concert for three difficult years and from whom it was a pleasure to differ occasionally, because one knew that such differences of opinion would only enhance our mutual regard. As for planters, it would be invidious to mention names. From many I have received much personal kindness; from all, courtesy and consideration for my views even when they did not tally with their own. My acknowledgments are also due to Mr. Baynham, until recently Chairman of the Ceylon Planters' Association, and Messrs. Turner and Muras, Secretaries, whose willingness to keep me in touch with all matters affecting the Indian labourer in Ceylon is greatly appreciated. Finally I would again commend to the Government of India the conspicuous zeal and ability displayed by my Assistant, Rao Sahib A. S. Narayanan, whose duties of inspection were rendered particularly onerous by the circumstances of the depression. I would also like to place on record my appreciation of the work, ably and ungrudgingly performed by all the members of my over-worked office staff, among whom special mention may be made of my Head Clerk, Mr. P. Sankara Menon, who acted as Assistant Agent during

Mr. Narayanan's absence on leave, and Mr. T. R. Regunathan, Stenographer and Typist, whose work has always reached a high standard of excellence.

K. P. S. MENON,

Agent of the Government of India in Ceylon.

KANDY;
The 8th April 1933.

APPENDIX I.

Statement showing the number of Indian estate labourers who passed through Mandapam Camp to Ceylon during the years 1923 to 1932.

Month.	1923.	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.	1932.
January	1,810	5,308	2,329	3,013	3,515	3,117	2,455	2,335	1,654	1,870
February	3,260	7,934	3,913	3,954	7,637	7,936	2,908	3,639	2,699	2,663
March	3,870	10,959	6,346	5,949	12,183	9,379	5,695	5,428	4,054	3,119
April	4,750	16,189	8,305	7,317	15,491	9,112	7,973	7,535	4,709	4,318
May	10,320	32,265	16,150	11,443	25,938	14,210	13,342	11,993	8,717	6,275
June	12,600	25,147	17,722	14,598	24,225	17,499	14,514	14,567	11,891	8,275
July	11,700	17,534	16,198	14,348	20,168	16,660	15,279	13,946	10,678	7,120
August	9,690	11,293	10,673	10,266	12,258	12,118	9,472	8,112	4,876	4,314
September . . .	10,880	10,956	12,626	12,275	12,525	13,023	13,545	10,029	6,558	5,287
October	8,690	7,237	12,216	7,991	8,220	15,866	10,602	6,225	5,613	3,527
November	4,200	4,461	11,168	4,456	8,960	8,681	4,756	3,613	3,391	2,176
December	8,520	4,706	7,939	6,136	8,278	6,111	4,554	4,000	3,407	1,925
TOTAL	90,290	153,989	125,585	101,746	159,398	133,712	105,095	91,422	68,337	50,869

APPENDIX II.

Statement showing the number of Indian estate labourers who returned from Ceylon to India via Dhanuskhodi during the years 1923 to 1932.

Month.	1923.	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.	1932.
January	2,140	5,501	4,643	5,004	6,990	8,501	6,650	7,268	7,665	5,974
February	6,350	5,873	4,324	5,044	8,848	9,669	10,347	11,239	8,674	6,772
March	5,400	6,770	6,154	7,355	11,634	11,581	13,043	13,608	11,117	6,632
April	6,110	6,807	5,950	6,753	7,969	9,776	13,188	11,357	9,423	6,498
May	5,670	5,756	5,322	5,120	9,250	9,535	13,166	10,404	7,873	6,260
June	4,350	5,175	4,825	5,256	7,773	8,823	8,255	10,477	5,753	4,976
July	5,090	4,670	4,340	4,885	6,418	5,528	5,531	7,230	5,336	3,565
August	4,220	3,126	3,592	4,580	5,838	6,126	7,048	7,483	4,703	4,078
September	3,240	4,094	3,911	4,978	6,437	8,365	7,038	6,084	4,749	3,702
October	2,910	2,036	3,613	3,757	4,748	4,944	3,982	4,137	3,547	2,785
November	3,660	3,466	3,086	4,186	5,642	4,890	5,937	4,699	4,004	3,340
December	2,620	2,850	3,443	4,347	5,934	5,858	7,043	4,742	3,022	3,575
TOTAL .	51,760	56,124	53,203	61,265	87,481	93,596	101,228	98,728	75,866	58,157

APPENDIX III.

Statement showing the figures of nett immigration, i.e., excess of arrivals over departures, during the years 1923 to 1932.

Month.	1923.	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.	1932.
January	—330	—193	—2,314	—1,991	—3,475	—5,384	—4,195	—4,933	—6,011	—4,104
February	3,090	2,061	—411	—1,090	—1,211	—1,733	—7,439	—7,600	—5,975	—4,109
March	—1,530	4,189	192	—1,406	549	—2,202	—7,348	—8,180	—7,063	—3,513
April	—1,360	9,382	2,355	564	7,522	—664	—5,215	—3,822	—4,624	—2,180
May	4,650	26,509	10,828	6,323	16,688	4,675	176	1,589	844	15
June	8,250	19,972	12,897	9,342	16,452	8,676	6,259	4,090	6,138	3,299
July	6,610	12,864	11,858	9,463	13,750	11,132	9,748	6,715	5,342	3,555
August	5,470	8,167	7,081	5,686	6,420	5,992	2,424	629	173	236
September	7,640	6,862	8,715	7,297	6,088	4,658	6,507	3,945	1,809	1,585
October	5,780	5,201	8,603	4,234	3,472	10,922	6,620	2,088	2,066	742
November	540	995	8,082	270	3,318	3,791	—1,181	—1,086	—613	—1,164
December	5,900	1,856	4,496	1,789	2,344	253	—2,489	—742	385	—1,650
TOTAL	38,530	97,865	72,382	40,481	71,917	40,116	3,867	—7,306	—7,529	—7,288

APPENDIX IV.

Statement showing the number of Indian estate labourers repatriated by the Agent from Ceylon to India during the years 1924 to 1932 under Section 22 (1) of Ceylon Ordinance No. 1 of 1923, corresponding to Condition 6 of Government of India Notification No. 136-Emigration, dated the 17th February 1923.

1932.	Men.	Women.	Children.	Total.
January	8	4	2	14
February	6	1	2	9
March	8	8	5	21
April	12	12	15	39
May	11	7	10	28
June	8	2	4	14
July	9	6	9	24
August	10	6	10	26
September	10	2	6	18
October	5	5	6	16
November	30	23	26	79
December	32	17	27	76
TOTAL FOR THE YEAR 1932	149	93	122	364
TOTAL FOR THE YEAR 1931	133	73	90	296
TOTAL FOR THE YEAR 1930	24	15	22	61
TOTAL FOR THE YEAR 1929	14	14	16	44
TOTAL FOR THE YEAR 1928	47	31	68	146
TOTAL FOR THE YEAR 1927	26	25	46	97
TOTAL FOR THE YEAR 1926	76	35	57	168
TOTAL FOR THE YEAR 1925	78	76	97	251
TOTAL FOR THE YEAR 1924	42	23	24	89

APPENDIX V.

Statement showing the number of Indian estate labourers repatriated from Ceylon to India during the years 1924 to 1932 under the Ceylon Government Scheme of 1924.

1932.	Men.	Women.	Children.	Total.
January	227	177	211	615
February	161	141	132	434
March	265	168	181	614
April	254	165	197	616
May	175	138	154	467
June	194	135	155	484
July	225	152	175	552
August	214	165	177	556
September	157	119	121	397
October	200	157	186	543
November	278	291	111	680
December	357	297	331	985
TOTAL FOR THE YEAR 1932	2,707	2,105	2,131	6,943
TOTAL FOR THE YEAR 1931	1,914	1,374	1,484	4,772
TOTAL FOR THE YEAR 1930	1,274	887	1,055	3,216
TOTAL FOR THE YEAR 1929	1,224	973	946	3,143
TOTAL FOR THE YEAR 1928	1,324	951	1,078	3,353
TOTAL FOR THE YEAR 1927	855	652	697	2,204
TOTAL FOR THE YEAR 1926	956	611	707	2,274
TOTAL FOR THE YEAR 1925	642	412	510	1,564
TOTAL FOR THE YEAR 1924	253	110	119	482

APPENDIX VI.

Statement showing the number of Indian estate labourers repatriated from Ceylon to India during the years 1930 to 1932 under the Ceylon Government Special Scheme of 1930 for the repatriation of labourers thrown out of employment, etc., through the Rubber Depression.

1932.	Men.	Women.	Children.	Infants.	Total.
January	122	125	100	29	376
February	158	194	182	50	584
March	209	194	177	73	653
April	348	323	296	102	1,069
May	362	294	243	97	996
June	308	280	269	86	943
July	242	180	166	45	633
August	131	117	98	28	374
September	65	66	57	19	207
October	80	75	89	31	275
November	85	68	57	28	238
December	132	133	123	38	426
TOTAL FOR THE YEAR 1932	2,242	2,049	1,857	626	6,774
TOTAL FOR THE YEAR 1931	3,579	3,252	2,838	976	10,645
TOTAL FOR THE YEAR 1930 (OCTOBER—DECEMBER)	1,323	1,311	1,549	...	4,183

APPENDIX VII.

Statement showing the number of recruiting licenses endorsed by the Agent during the years 1924 to 1932.

Month.	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.	1932.
January	2,942	1,566	1,625	2,154	2,264	1,568	1,546	692	331
February	3,037	1,841	2,041	2,853	2,262	1,984	1,660	761	345
March	3,036	2,358	2,366	2,886	2,738	2,404	2,081	955	349
April	2,941	2,186	1,647	2,600	2,150	2,389	1,900	851	393
May	2,732	2,004	1,601	2,329	1,964	1,995	1,756	675	470
June	1,956	1,740	1,577	1,776	1,817	1,837	1,300	269	318
July	1,561	1,646	1,416	1,321	1,555	1,485	1,147	169	151
August	1,079	1,458	1,425	1,326	1,260	1,739	1,027	162	143
September	1,064	1,392	1,437	1,226	1,333	1,358	742	174	80
October	775	1,161	914	917	1,357	885	370	150	...
November	969	1,374	932	1,373	920	951	366	163	...
December	710	832	813	876	706	736	285	160	...
TOTAL	22,793	19,558	17,793	21,637	20,326	19,331	14,380	5,161	2,580

APPENDIX VIII.

Statement showing the areas in India from which estate labourers emigrated to Ceylon during the years 1924 to 1932.

Districts.	1924.	1925.	1926.	1927.	1928.	1929.	1930.	1931.	1932.
Anantapur	1	2	8	3	2	2	8	...	...
Arcot, North	14,209	6,604	3,302	3,921	3,008	3,026	3,729	2,372	1,493
Arcot, South	11,808	4,873	3,639	6,493	5,218	4,208	4,062	4,107	1,979
Bellary	...	2	...	2	...	1	5	...	...
Chingleput	2,340	2,479	1,942	5,285	3,890	1,855	1,542	908	542
Chittoor	1,346	610	438	943	863	592	579	343	229
Cochin	9	13	105	30	1	18	13	12	5
Coimbatore	963	939	1,784	2,433	1,169	925	770	325	210
Cuddapah	161	7	11	121	155	50	17	11	5
Godavari	14	4	13	6	30	1	7	...	...
Guntur	51	14	3	1	29	3	...	95	...
Hyderabad	...	...	1	...	...	...	...	...	...
Karaikal	...	...	...	...	...	4	...	...	...
Kurnool	7	...	1	...	...	...	...	...	1
Kistna	...	...	7	...	...	...	...	1	...
Madras	15	116	31	79	29	21	29	10	6
Madura	9,663	10,576	8,310	14,274	9,718	8,230	8,191	5,512	3,040
Malabar	259	222	429	636	372	463	218	100	54
Mysore	101	132	378	635	316	278	150	89	17
Nellore	15	37	3	39	6	9	8	3	...
Nilgiris	2	—	3	—	—	—	—	—	—
Pondicherry	4	1	6	25	1	10	10	1	—
Pudukottah	5,502	8,597	5,918	14,955	17,503	6,046	4,261	4,699	3,792
Ramnad	6,335	7,544	6,491	15,001	9,024	7 607	5,498	4,273	2,975
Salem	29,099	19,615	21,984	22,936	17,549	21,467	17,784	10,878	10,619
South Kanara	—	2	2	12	—	—	—	—	—
Tanjore	10,106	13,444	8,566	13,020	23,148	6,432	6,761	7,333	5,578
Tinnevelly	1,623	1,530	2,835	6,114	4,103	4,164	3,494	1,897	1,034
Trichinopoly	59,980	47,375	35,020	52,536	36,218	39,133	33,774	25,326	19,197
Travancore	352	513	611	600	416	458	479	118	71
Vizagapatam	12	20	3	3	9	7	2	2	—
CEYLON BORN	6	14	46	24	25	47	31	12	22
TOTAL	153,989	125,585	101,960*	161,027†	133,712	105,095	91,422	68 837‡	50,869

* Includes 114 passengers from whom the emigration fee was collected by the Protector of Emigrants.

† Includes 1,629 passengers from whom the emigration fee was collected by the Protector of Emigrants.

‡ Includes 180 emigrants and 211 non-emigrants despatched on 29th December 1931 from Mandapam Camp *via* Tuticorin Port.

APPENDIX IX.

Statement showing the number and details of prosecutions by the Controller of Labour under the Labour Ordinances during the year 1932.

Serial No.	Name of accused.	Nature of offence.	Result of action.
1	Superintendent, Rookatenne Estate, Hali-ela (I. Brooke)	Employment of labourers without entering name in the register	Fined Rs. 10.
2	Superintendent, Egodawatte Estate, Bandarawela (O. A. M. Muthiah Pillai).	Furnishing false pay declaration	Fined Rs. 5.
3	Ditto	Belated payment of wages	Do.
4	Ditto	Infringement of Section 10 (3) of Ordinance No. 27 of 1927	Do.
5	Ditto	Failure to pay minimum wages	Do.
6	Ditto	Ditto	Do.
7	Superintendent, Maoya and Marymount Estates, Kandy.	False declaration of payment of wages	Fined Rs. 25.
8	J. B. Ginger, St. Noels Estate, Balangoda.	Ditto	Fined Rs. 5.
9	Superintendent, Ben Hope Estate, Bandarawela (C. Erskine).	Failure to pay minimum wages within the time prescribed by law	Fined Rs. 15.

10	Superintendent, Nottinghill Estate, Galagedera, (B. H. Mendis).	False declaration of payment of wages	Fined Rs. 30.
11	Proprietor, Abbey Rock Estate, Ratnapura D. Wanigasekera).	Failure to pay wages in time	Fined Rs. 25.
12	Ditto .	Failure to furnish pay declarations	Ditto.
13	Ditto .	Ditto	Ditto.
14	Ditto .	Failure to pay minimum wages	Ditto.
15	Ditto	Failure to exhibit notice	Ditto.
16	Ditto .	Failure to enter Register of Labourers	Ditto.
17	Ditto .	Ditto	Ditto.
18	A. J. Hamilton Harding, Abergele Estate, Boragasketiya, R. O.	Failure to pay wages within the time prescribed by law . . .	Fined Rs. 10 on each count (Rs. 30 in all.)

APPENDIX X.

Statement showing the births, deaths and infantile mortality rates for the whole population of Ceylon and for the Indian estate population during the years 1923 to 1932.

Year.	Birth rate per 1000 of population.		Death rate per 1000 of population.		Infantile deaths of children under 1 year per 1000 births	
	Total population.	Indian estate population.	Total population.	Indian estate population.	Total population.	Indian estate population.
1923 .	38·50	57·0	30·16	28·0	212	222
1924 .	36·79	41·2	25·29	35·2	186	256
1925 .	39·2	36·2	23·9	31·2	172	216
1926 .	41·0	43·1	24·7	30·0	174	209
1927 .	39·5	34·8	21·7	28·2	160	228
1928 .	39·3	34·5	24·4	27·6	177	211
1929 .	36·1	34·3	24·7	25·1	187	214
1930 .	37·1	33·5	24·2	22·1	175	194
1931 .	37·4	34·2	22·1	20·8	168	184
1932 .	37·0	36·6	20·5	18·7	162	188

APPENDIX XI.

Statement showing the principal causes of death among Indian labourers on estates.

Prineipal causes of death.	1925.	1926.	1927.	1928.	1929.	1930.	1931.	1932.
1. Dysentery . .	2,470	2,132	1,926	1,723	1,384	1,028	706	445
2. Debility . . .	3,517	4,108	2,845	2,795	2,817	2,661	2,398	2,558
3. Diarrhœa and Enteritis	1,442	1,440	1,703	1,597	1,349	1,080	846	663
4. Pneumonia . . .	2,454	2,310	2,732	2,816	2,589	2,077	1,949	1,422
5. Ankylostomiasis . .	1,501	1,474	1,269	1,299	1,237	1,186	1,019	878
6. Infantile convulsions .	1,386	1,749	1,503	1,601	1,538	1,166	1,023	967
7. Dropsy . . .	137	137	129	119	94	74	60	32
8. Pulmonary Tuberculosis	320	388	398	382	327	306	283	254
9. Anœmia . . .	..	45	41	42	63	45	60	33
10. Other diseases . .	6,390	6,961	6,931	7,450	6,984	6,723	5,887	5,179

APPENDIX XII.

Statement showing the number of arrack, toddy and foreign liquor shops in Ceylon mainly serving a population of Indian estate labourers in the planting districts during the years 1924 to 1932.

Year.	Estate taverns.				Estate canteens.				Total No. of shops.
	Arrack.	Toddy.	Foreign liquor.	Total.	Arrack.	Toddy.	Foreign liquor.	Total.	
1924 . . .	64	104	..	168	..	..	..	..	168
1925 . . .	63	106	..	169	..	..	..	..	169
1926 . . .	62	98	..	160	..	..	..	..	160
1927 . . .	49	98	..	147	..	..	..	..	147
1928 . . .	47	89	..	136	..	..	..	..	136
1929 . . .	19	30	52	101	1	..	..	1	102
1930 . . .	18	28	52	98	4	1	1	6	104
1931 . . .	19	28	52	99	7	2	1	10	109
1932 . . .	35	31	52	118	6	3	1	10	128

APPENDIX XIII.

Statement showing details of the number of registered schools on estates and the number of children attending them.

Year.	Number of registered estate schools.	Number of children attending them.	Total number of children on estates between the ages of 6 and 10.
1923	272	10,532	...
1924	275	11,615	63,102
1925	265	11,063	74,316
1926	294	12,397	80,867
1927	304	15,282	87,023
1928	364	17,722	81,858
1929	402	21,216	77,376
1930	501	26,079	77,723
1931	554	28,710	72,533
1932	544	28,713	70,508

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